

[REPUBLIC ACT NO. 9576, April 29, 2009]

AN ACT INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AND IN CONNECTION THEREWITH, TO STRENGTHEN THE REGULATORY AND ADMINISTRATIVE AUTHORITY, AND FINANCIAL CAPABILITY OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC), AMENDING FOR THIS PURPOSE REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE PDIC CHARTER, AND FOR OTHER PURPOSES

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

SECTION 1. *Statement of State Policy and Objectives.* — It is hereby declared to be the policy of the State to strengthen the mandatory deposit insurance coverage system to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations.

Towards this end, the government must extend all means and mechanisms necessary for the Philippine Deposit Insurance Corporation to effectively fulfill its vital task of promoting and safeguarding the interests of the depositing public by way of providing permanent and continuing insurance coverage on all insured deposits, and in helping develop a sound and stable banking system at all times.

SEC. 2. Section 4 (f) of Republic Act No. 3591, as amended, is hereby amended by adding an additional paragraph, 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 issued in accordance with Bangko Sentral rules and regulations and other applicable laws, together with such other 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 insured deposits: *Provided, further*, That, subject to the approval of the Board of Directors, any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligations payable only at such branch.

The corporation shall not pay deposit insurance for the following accounts or transactions, whether denominated, documented, recorded or booked as deposit by the bank:

"(1) Investment products such as bonds and securities, trust accounts, and other similar instruments;

"(2) Deposit accounts or transactions which are unfunded, or that are fictitious or fraudulent;

"(3) Deposits accounts or transactions constituting, and/or emanating from, unsage and unsound banking practice/s, as determined by the Corporation, in consultation with the BSP, after due notice and hearing, and publication of a cease and desist order issued by the Corporation against such deposit accounts or transactions; and

"(4) Deposits that are determined to be the proceeds of an unlawful activity as defined under republic act 9160, as amended.

"The actions of the Corporation taken under this section shall be final and executory, and may not be restrained or set aside by the court, except on appropriate petition for *certiorari* on the ground that the action was taken in excess of jurisdiction or with such grave abuse of discretion as to amount to a lack or excess of jurisdiction. The petition for *certiorari* may only be filed within thirty (30) days from notice of denial of claim for deposit insurance."

SEC. 3. Section 4(g) of the same Act is hereby amended to read as follows:

"(g) The term "insured deposit" means the amount due to any *bona fide* depositor for legitimate deposits in an insured bank net of any obligation of the depositor to the insured bank as of date of closure, but not to exceed Five hundred thousand pesos (P500,000.00). Such net amount shall be determined according to such regulations as the Board of Directors may prescribe, In determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same right and capacity for his benefits either in his own name or in the name of others. A joint account regardless of whether the conjunction 'and,' 'or,' 'and/or' is used, shall be insured separately from any individually-owned deposit account: *Provided, That* (1) If the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit, and (2) If the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposits shall be presumed to belong entirely to such juridical person or

entity: *Provided, further,* That the aggregate of the interest of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of Five hundred thousand pesos (P500,000.00): *Provided, furthermore,* The the provisions of any law to the contrary notwithstanding, no owner/holder of any negotiable certificate of deposit shall be recognized as a depositor entitled to the rights provided in this Act unless his name is registered as owner/holder thereof in the books of the issuing bank: *Provided, finally,* That, in case of a condition that threatens the monetary and financial stability of the banking system that may have systemic consequences, as defined in section 17 hereof, as determined by the monetary board, the maximum deposit insurance cover may be adjusted in such amount, for such a period, and/or for such deposit products, as may be determined by a unanimous vote of the Board of Directors in a meeting called for the purpose and chaired by the Secretary of Finance, subject to the approval of the President of the Philippines."

SEC. 4. The maximum deposit insurance coverage of Five hundred thousand pesos (P500,000.00) provided in Section 4(g) of Republic Act 3591, as amended herein, shall be paid by the Corporation: *Provided,* That for the first three (3) years from the effectivity of this Act, the first Two hundred fifty thousand pesos (P250,000.00) of the deposited insurance coverage shall be for the account of the Corporation, and those in excess of Two hundred fifty thousand pesos (P250,000.00) but not more than Five hundred thousand pesos (P500,000.00) shall be for the account of the National Government. The Congress shall annually appropriate the necessary funding to reimburse the Corporation for any payment to insured depositors paid in excess of Two hundred fifty thousand pesos (P250,000.00).

SEC. 5. Section 8, paragraph Eighth of the same Act is hereby amended to read as follows:

"Eighth — To conduct examination of banks with prior approval of the Monetary Board: *Provided,* That no examination can be conducted within twelve (12) months from the last examination date: *Provided, however,* That the Corporation may, in coordination with the Bangko Sentral, conduct a special examination as the Board of Directors, by an affirmative vote of a majority of all of its members, if there is a threatened or impending closure of a bank: *Provided, further,* That notwithstanding the provisions of Republic Act No. 1405, as amended, Republic Act No. 6426, as amended, Republic Act No. 8791, and other laws, the Corporation and/or Bangko Sentral may inquire into or examine deposit accounts and all information related thereto in case there is a finding of unsafe or unsound banking practice: *Provided, finally,* That to avoid overlapping of efforts, the examination shall maximize the efficient use of the relevant reports, information, and findings of the Bangko Sentral, which it shall make available to the Corporation."

SEC. 6. A new Section 9 (h) of the same Act is hereby added to read as follows: