

[REPUBLIC ACT NO. 6037, August 04, 1969]

**AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT
NUMBERED THREE THOUSAND FIVE HUNDRED NINETY ONE
ENTITLED "AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT
INSURANCE CORPORATION, DEFINING ITS POWERS AND
DUTIES AND FOR OTHER PURPOSES."**

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

SECTION 1. Section 2 of Republic Act Numbered Three thousand five hundred ninety one is hereby amended to read as follows:

"SEC. 2. The powers and functions of the Corporation shall be vested in a Board of Directors consisting of three (3) members one of whom shall be the Governor of the Central Bank of the Philippines and two of whom shall be citizens of the Republic of the Philippines to be appointed by the President of the Philippines with the consent of the Commission on Appointments. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation who shall be appointed on a full time basis for a term of six (6) years at an annual compensation which shall be fixed by the president of the Philippines. The other appointive member, who shall be appointed for a term of four (4) years and the Governor of the Central Bank shall each receive a *per diem* of not exceeding fifty pesos (P50.00) for each day of meeting actually attended by them but in no case shall each of them receive more than five hundred pesos (P500.00) a month. In the event of vacancy in the office of the Governor of the Central Bank of the Philippines, and pending the appointment of his successor or during the absence of the Governor, the Acting Governor of the Central Bank of the Philippines shall act as member of the Board of Directors. In the event of a vacancy in the Office of the Chairman of the Board of Directors and pending the appointment of his successor, the Governor of the Central Bank of the Philippines shall act as Chairman. The members of the Board of Directors shall be ineligible during the time they are in office and for a period of two years thereafter to hold any office, position or employment in any insured bank, except that this restriction shall not apply to any member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank; and before entering upon his duties as member of the Board of Directors, he shall certify under oath that he has complied with this requirement and such certification shall be filed with the Secretary of the Board of Directors.

Any vacancy in the Board created by the death, resignation, or removal of an appointive member shall be filled by the appointment of new member to complete the unexpired period of the term of the member concerned.

"The Board of Directors shall have the authority:

"1. To prepare and issue rules and regulations as it considers necessary for the effective discharge of its responsibilities.

"2. To direct the management, operations and administration of the Corporation;

"3. To appoint, fix the remuneration and remove any officer or employee of the Corporation for cause: *Provided, however,* That officers exercising discretionary powers shall not be subject to the Civil Service Law; and,

"4. To authorize such expenditures by the Corporation as are in the interest of the effective administration and operation of the Corporation."

SEC. 3. Section 4 of the same Act is hereby amended as follows:

"SEC. 4. The deposit liabilities of any bank or banking institution, which is engaged in the business of receiving deposits as herein defined on the effective date of this Act, or which thereafter may engage in the business of receiving deposits, shall be insured with the corporation."

SEC. 4. Section 5 of the same Act is hereby repealed.

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

"SEC. 8. The Corporation as a corporate body shall have the powers:

"First— To adopt and use a corporate seal;

"Second— To have succession until dissolved by an Act of Congress;

"Third— To make contracts;

"Fourth— To sue and be sued, complain and defend, in any court of law in the Philippines. All suits of a civil nature to which the Corporation shall be a part shall be deemed to arise under the laws of the Philippines. No attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action or proceeding in any court. The Board of Directors shall designate an agent upon whom service of process may be made in any province or city or jurisdiction in which the insured bank is located;

"Fifth— To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this Act, to define their duties, fix

their compensation, require bonds of them and fix penalty thereof and to dismiss such officers and employees for cause;

"Sixth— To prescribe, by its Board of Directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed;

"Seventh— To exercise, by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act, and such incidental powers as shall be necessary to carry on the powers so granted;

"Eighth— To make examinations of and to require information and reports from banks, as provided in this Act: *Provided*, That any examination shall be made simultaneously with the examination by the Departments of the Central Bank conducting examinations on banks;

"Ninth— To act as receiver; and

"Tenth— To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this Act."

SEC. 6. Section 12 of the same Act is hereby amended to read as follows:

"SEC. 12. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the Republic of the Philippines or in obligations guaranteed as to principal and interest by the Republic of the Philippines.

"(b) The banking or checking accounts of the Corporation shall be kept with the Central Bank of the Philippines, with the Philippine National Bank, or with any other bank designated as depository or fiscal agent of the Philippine Government.

"(c) When the Corporation has determined that an insured bank is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors."

SEC. 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 loan the Corporation on such terms as may be fixed by the Corporation and