



HOUSE OF REPRESENTATIVES

H. No. 7446

BY REPRESENTATIVES TIENG, ATAYDE, VILLARICA AND DALIPE, PER COMMITTEE REPORT NO. 396

**AN ACT
PROMOTING TRANSPARENT GOVERNANCE AND
INSTITUTING ANTI-CORRUPTION MECHANISMS IN THE OPERATION
OF BANKS AND OTHER FINANCIAL INSTITUTIONS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, ENTITLED
“AN ACT PROHIBITING DISCLOSURE OF OR INQUIRY INTO, DEPOSITS
WITH ANY BANKING INSTITUTION AND PROVIDING PENALTY
THEREFOR”**

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

1 **SECTION 1.** Section 2 of Republic Act No. 1405, entitled: “*An Act Prohibiting*
2 *Disclosure of or Inquiry Into, Deposits With Any Banking Institution And Providing Penalty*
3 *Therefor*” is hereby amended to read, as follows:
4

5 “SECTION 2. All deposits are hereby considered as of an absolutely confidential
6 nature and may not be examined, inquired or looked into by any person, government
7 official, bureau or office, except upon written permission of the depositor, or in cases of
8 impeachment, or upon order of a competent court in cases of bribery or dereliction of
9 duty of public officials, or in cases where the money deposited is the subject matter of
10 the litigation, **OR IN CASES WHERE THE INQUIRY OR EXAMINATION IS**
11 **MADE BY THE BANGKO SENTRAL NG PILIPINAS (BSP), IN THE EXERCISE**
12 **OF ITS SUPERVISORY POWERS, ON THE DEPOSIT OF THE**
13 **STOCKHOLDER, OWNER, DIRECTOR, TRUSTEE, OFFICER OR**
14 **EMPLOYEE OF AN ENTITY THAT IS SUBJECT TO THE SUPERVISION OR**
15 **REGULATORY POWER OF THE BSP, THE REPRESENTATIVE OR AGENT,**
16 **THE RELATED PARTY, OR ANY OF THE CONSPIRATORS, OF THE**
17 **PERSON INVOLVED: PROVIDED, THAT, UPON DETERMINATION BY THE**
18 **MONETARY BOARD, THERE IS A REASONABLE GROUND TO BELIEVE**
19 **THAT FRAUD, SERIOUS IRREGULARITY OR UNLAWFUL ACTIVITY HAS**
20 **BEEN OR IS BEING COMMITTED BY THE ABOVEMENTIONED PERSONS,**
21 **AND THAT IT IS NECESSARY TO LOOK INTO THE DEPOSIT TO**
22 **ESTABLISH SUCH FRAUD, SERIOUS IRREGULARITY OR UNLAWFUL**
23 **ACTIVITY. THE AUTHORITY OF THE BSP TO INQUIRE AND EXAMINE**
24 **DEPOSITS SHALL ALSO APPLY IN THE COURSE OF ITS INVESTIGATION**
25 **OF CLOSED BANKS.**

1 AS USED IN THIS ACT, *DEPOSITS* SHALL REFER TO MONEY OR ITS
2 EQUIVALENT RECEIVED BY A BANK IN THE USUAL COURSE OF
3 BUSINESS, AND FOR WHICH IT HAS GIVEN OR IS OBLIGED TO GIVE
4 CREDIT TO A COMMERCIAL, CHECKING, SAVINGS, TIME
5 OR THRIFT ACCOUNT, EVIDENCED BY A PASSBOOK,
6 CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, ISSUED
7 IN ACCORDANCE WITH *BSP* RULES AND REGULATIONS AND OTHER
8 APPLICABLE LAWS, AS WELL AS SUCH OTHER OBLIGATION OF A BANK
9 THAT FORMS PART OF ITS DEPOSIT LIABILITIES PURSUANT TO *BSP*
10 RULES AND REGULATIONS.

11 THE RESULTS OF THE INQUIRY OR EXAMINATION CONDUCTED BY THE
12 *BSP* SHALL BE FOR ITS EXCLUSIVE USE AND SHALL NOT BE MADE
13 AVAILABLE TO ANY PERSON OR ENTITY, WHETHER PUBLIC OR
14 PRIVATE, EXCEPT TO THE SECURITIES AND EXCHANGE COMMISSION,
15 PHILIPPINE DEPOSIT INSURANCE CORPORATION, ANTI-MONEY
16 LAUNDERING COUNCIL, DEPARTMENT OF JUSTICE, AND THE COURTS:
17 *PROVIDED*, THAT THE SHARING OF THE RESULTS OF THE
18 ABOVEMENTIONED INQUIRY OR EXAMINATION IS NECESSARY TO
19 PREVENT OR PROSECUTE ANY OFFENSE OR CRIME.

20 THE EXEMPTIONS UNDER THIS SECTION SHALL APPLY TO FOREIGN
21 CURRENCY DEPOSITS IN BANKS OPERATING IN THE PHILIPPINES
22 INCLUDING OFF-SHORE BRANCHES OF DOMESTIC BANKS: *PROVIDED*,
23 THAT THESE EXEMPTIONS SHALL NOT APPLY TO NON-STOCK SAVINGS
24 & LOAN ASSOCIATIONS (NSSLAS) THAT ARE CATERING ONLY TO THEIR
25 MEMBERS.”

26 **SEC. 2.** Section 3 of the same Act, is hereby amended to read as follows:

27 “SECTION 3. NO BANK OR FINANCIAL INSTITUTION, OR ANY OF ITS
28 DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE
29 SUBJECT TO ANY ACTION, CLAIM OR DEMAND IN CONNECTION WITH,
30 AND SHALL BE HELD FREE AND HARMLESS FROM LIABILITY FOR,
31 ANY ACT DONE IN COMPLIANCE WITH AN ORDER FOR INQUIRY OR
32 EXAMINATION OF DEPOSITS FROM THE *BSP*.

33 *HOWEVER*, it shall be unlawful for any official OR employee, of a banking
34 institution OR THE *BSP*, to disclose ANY INFORMATION CONCERNING SAID
35 DEPOSITS to any person AND UNDER SUCH CONDITIONS other than those
36 mentioned in Section ~~two~~ 2 hereof. IT SHALL ALSO BE UNLAWFUL FOR ANY
37 PERSON TO USE THIS ACT FOR PERSECUTION OR HARASSMENT OR AS
38 AN INSTRUMENT TO HAMPER COMPETITION IN TRADE AND
39 COMMERCE.”

40 **SEC. 3.** Section 5 of the same Act, is hereby amended to read as follows:

41 “SECTION 5. Any violation of this law will subject THE offender upon conviction, to
42 imprisonment of not LESS THAN TWO (2) YEARS NOR more than five TEN (10)
43 YEARS or a fine of not LESS THAN FIFTY THOUSAND PESOS (P50,000) NOR

1 **MORE THAN twenty——thousand TWO MILLION**
2 **PESOS (P2,000,000), or both, ~~in~~ AT the discretion of the court.”**

3 **SEC. 4. *Separability Clause.*** — If any provision or section of this Act is held to be
4 unconstitutional or invalid, the other provisions or sections hereof, which are not affected
5 thereby shall continue to be in full force and effect.
6

7 **SEC. 5. *Repealing Clause.*** —

8 (a) Sections 2, 3 and 5 of Republic Act No. 1405 are hereby amended;
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10 (b) Sections 8 and 12-A of Republic Act No. 6426, as amended, also known as the
11 “Foreign Currency Deposit Act of the Philippines,” with respect to foreign currency
12 deposits, are hereby amended;
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14 (c) Section 33 of Republic Act No. 6848, also known as “The Charter of the Al-Amanah
15 Islamic Investment Bank of the Philippines”, is hereby amended;
16

17 (d) Section 26(a)(2) of Republic Act No. 7353, also known as the “Rural
18 Act of 1992” is hereby amended; and
19

20 (e) Section 21(a)(2) of Republic Act No. 7906, also known as the “Thrift Banks Act of
21 1995” is hereby amended.
22

23 All other Acts or parts of Acts, Special Charters, Executive Order, Rules and Regulations,
24 which are inconsistent with the provisions of this Act, are hereby repealed.
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26 **SEC. 6. *Effectivity.*** — This Act shall take effect fifteen (15) days following its publication in the
27 *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,