



HOUSE OF REPRESENTATIVES

H. No. 5911

BY REPRESENTATIVES NOGRALES, LOPEZ (J.), GATCHALIAN, VIOLAGO, CHAVEZ, SY-ALVARADO, LACSON, DIAZ, JAVIER, BICHARA, ROMUALDEZ, VILLAFUERTE, ABAYA, AGGABAO, ALFELOR, ANGPING, APOSTOL, ARROYO (I.), BINAY, CAGAS, CHIPECO, CODILLA, CUA (G.), DAZA, DEFENSOR (M.), DIMAPORO, DUAVIT, DURANO, GARAY, GONZALES (A.), GUINGONA, ILAGAN, LAPUS, LIMKAICHONG, LOCSIN, MAGSAYSAY, NOEL, PLAZA, PONCE-ENRILE, PUENTEVELLA, ROMARATE, ROMULO, SUAREZ, UNGAB, UY (R.A.), VALENCIA, RODRIGUEZ, VINZONS-CHATO, ROMUALDO, TEODORO, SANTIAGO (N.), GONZALES (N.), DE GUZMAN, AGBAYANI AND VELARDE, PER COMMITTEE REPORT NO. 1756

AN ACT INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE FROM P250,000.00 TO P500,000.00 PER DEPOSITOR AND STRENGTHENING THE 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

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 and 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 (PDIC) 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(g) of Republic Act No. 3591, as amended, is hereby further 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 the date of closure, but not to exceed **FIVE HUNDRED THOUSAND PESOS (P500,000.00)** [Two hundred fifty thousand pesos (P250,000.00)]. Such net amount shall be determined according to such regulations as the Board of Directors may prescribe. x x x *Provided, further,* That the aggregate of the interests 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)** [Two hundred fifty thousand pesos (P250,000.00)]: *Provided, furthermore,* x x x issuing bank.”

SEC. 3. The maximum deposit insurance coverage of Five hundred thousand pesos (P500,000.00) provided in Section 4(g) of Republic Act No. 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 P250,000.00 of the deposit insurance coverage shall be for the account of the Corporation, and those in excess of P250,000.00 but not more than P500,000.00 shall be for the account of the National Government. The Congress shall appropriate the necessary funding to reimburse the Corporation for any payment to insured depositors in excess of P250,000.00.

SEC. 4. An additional paragraph to Section 17 of the same Act is hereby added after subparagraph (b) to read as follows:

“(C) IT IS HEREBY DECLARED TO BE THE POLICY OF THE STATE THAT THE DEPOSIT INSURANCE FUND OF THE CORPORATION SHALL BE PRESERVED AND MAINTAINED AT ALL TIMES. ACCORDINGLY, ALL TAX OBLIGATIONS OF THE CORPORATION FOR A PERIOD OF FIVE (5) YEARS RECKONED FROM THE DATE OF EFFECTIVITY OF THIS ACT SHALL BE CHARGEABLE TO THE TAX EXPENDITURE FUND (TEF) PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER NO. 93, SERIES OF 1986: PROVIDED, THAT, ON THE 6th YEAR AND THEREAFTER, THE CORPORATION SHALL BE EXEMPT FROM INCOME TAX, FINAL WITHHOLDING TAX, VALUE-ADDED TAX ON ASSESSMENTS COLLECTED FROM MEMBER BANKS AND LOCAL TAXES.”

“Subparagraph (c) on Financial Assistance is hereby renumbered as subparagraph (d).”

SEC. 5. *Joint Congressional Oversight Committee.* – There is hereby created a joint congressional oversight committee to oversee the implementation of this Act. The committee shall be composed of the chairpersons of the Senate Committee on Banks, Financial Institutions and Currencies and the Committee on Finance and three (3) senators to be

appointed by the President of the Senate, and the chairpersons of the House of Committee on Banks and Financial Intermediaries and the Committee on Appropriations and three (3) members to be appointed by the Speaker of the House of Representatives.

SEC. 6. *Separability Clause.* – If any provision or section of this Act or the application thereof to any person or circumstances is held invalid, the other provisions or sections of this Act, in the application of such provision or section to other persons or circumstances, shall not be affected thereby.

SEC. 7. *Repealing Clause.* – All acts or parts of acts and executive orders, administrative orders or parts thereof which are inconsistent with the provisions of this Act are hereby repealed.

SEC. 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days following the completion of publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,

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