

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City



EIGHTEENTH CONGRESS
First Regular Session

2101

HOUSE BILL No. _____

Introduced by
ACT Teachers Party-List Rep. FRANCE L. CASTRO,
BAYAN MUNA Party-List Rep. CARLOS ISAGANI T. ZARATE,
Rep. FERDINAND GAITE and Rep. EUFEMIA C. CULLAMAT,
GABRIELA Women's Party Rep. ARLENE D. BROSAS,
and KABATAAN Party-List Rep. SARAH JANE I. ELAGO

AN ACT
AMENDING SECTION 8 OF REPUBLIC ACT 6426, OTHERWISE KNOWN AS THE
"FOREIGN CURRENCY DEPOSIT ACT OF THE PHILIPPINES"

EXPLANATORY NOTE

In 1977, Presidential Decree 1246 conferred an "absolute cloak of confidentiality" over foreign currency deposits and exempted them from "attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body" to "better encourage the inflow of foreign currency deposits" into Philippine banks that could channel these funds into loans and investments, and thereby contribute to the country's economic development.

Subsequent developments have rendered obsolete the special protections provided by law to foreign currency deposits. While there may have been a relative scarcity of foreign currency in the domestic banking and financial system in the 1970s, this is clearly no longer the case today. Remittances by Overseas Filipino Workers, totaling over US\$ 9.739 billion from January to April 2019—an increase of 4.1% from the same period last year—on top of traditional sources of foreign currency, ensure that that country's foreign currency reserves are at an all-time high.

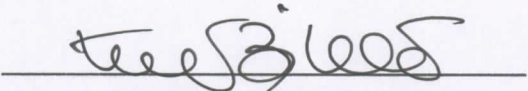
Furthermore, recent history has shown how the absolute and unqualified secrecy of foreign currency deposits, and their exemption from government orders and processes, may be exploited to cloak financial transactions by individuals and entities involved in illegal activities. For instance, government officials, including those conferred with immunity from suit during their incumbency and removable only through impeachment, may make use of foreign currency deposits to amass ill-gotten wealth.

This bill proposes amendments to Republic Act 6426, or the *Foreign Currency Deposit Act of the Philippines*, that, while maintaining the secrecy of foreign currency deposits, allows their examination in certain exceptional cases, such as impeachment, or upon the order of a competent court. In addition, it proposes that their exemption from governmental processes be removed. If this bill is enacted into law, foreign currency deposits will, in these respects, enjoy the same level of protection as deposits in the national currency.

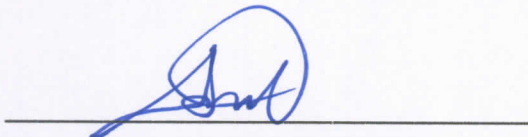
For These reasons, approval of this bill is earnestly sought.



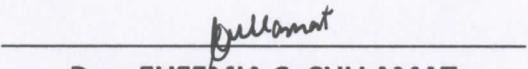
Rep. FRANCE L. CASTRO
ACT Teachers Party-List



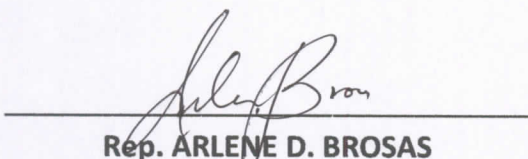
Rep. CARLOS ISAGANI T. ZARATE
BAYAN MUNA Party-List



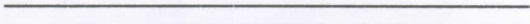
Rep. FERDINAND GAITE
BAYAN MUNA Party-List



Rep. EUFEMIA C. CULLAMAT
BAYAN MUNA Party-List



Rep. ARLENE D. BROSAS
GABRIELA Women's Party



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SECTION 1. Section 8 of Republic Act 6426 or the "Foreign Currency Deposit Act of the Philippines"), as amended by Presidential Decree No. 1035, and further amended by Presidential Decree No. 1246, is hereby amended as follows:

Section 8. Secrecy of foreign currency deposits. — All foreign currency deposits authorized under this Act, as amended by PD No. 1035, as well as foreign currency deposits authorized under PD No. 1034, are hereby declared as and considered of an absolutely confidential nature [and, except upon the written permission of the depositor, in no instance shall foreign currency deposits be examined, inquired or looked into by any person, government official, bureau or office whether judicial or administrative or legislative, or any other entity whether public or private,] **IN NO INSTANCE SHALL FOREIGN CURRENCY DEPOSITS BE EXAMINED, INQUIRED OR LOOKED INTO BY ANY PERSON, GOVERNMENT OFFICIAL, BUREAU OR OFFICE WHETHER JUDICIAL OR**

ADMINISTRATIVE OR LEGISLATIVE, OR ANY OTHER ENTITY WHETHER PUBLIC OR PRIVATE EXCEPT UPON THE WRITTEN PERMISSION OF THE DEPOSITOR, OR IN CASES OF IMPEACHMENT, OR UPON ORDER OF A COMPETENT COURT IN CASES OF BRIBERY OR DERELICTION OF DUTY OF PUBLIC OFFICIALS, OR IN CASES WHERE THE MONEY DEPOSITED OR INVESTED IS THE SUBJECT MATTER OF THE LITIGATION. [*Provided, however,* That said foreign currency deposits shall be exempt from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body whatsoever.]

SECTION 2. Repealing Clause. All laws, decrees, resolutions, orders, or ordinances or parts thereof inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or one (1) newspaper of general circulation.

Approved,