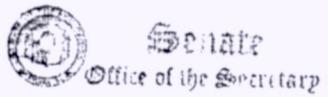


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



19 MAY 21 P1:49

S E N A T E

RECEIVED

COMMITTEE REPORT NO. 662

Submitted by the Committee on Banks, Financial Institutions and Currencies on
MAY 21 2019

Re: Senate Bill No. 2226

Recommending its approval in substitution of Senate Bill Nos. 47, 115, 196, 1124, and 1495.

Sponsor: Senator Escudero

MR. PRESIDENT:

The Committee on Banks, Financial Institutions and Currencies to which were referred Senate Bill No. 47, introduced by Senator Panfilo M. Lacson, entitled:

**"AN ACT
TO AMEND SECTION 2 OF REPUBLIC ACT NO. 1405 OTHERWISE KNOWN AS
THE 'SECURITY OF BANK DEPOSITS LAW,' EXEMPTING GOVERNMENT
OFFICIALS AND EMPLOYEES FROM THE PROHIBITION AGAINST
DISCLOSURE OF OR INQUIRY INTO DEPOSITS WITH ANY BANKING
INSTITUTION AND FOR OTHER PURPOSES"**

Senate Bill No. 115, introduced by Senator Aquilino "Koko" Pimentel III, entitled:

**"AN ACT
AMENDING SECTION 2 OF THE REPUBLIC ACT NO. 1405, AS AMENDED,
OTHERWISE KNOWN AS THE 'LAW ON SECURITY OF BANK DEPOSITS'"**

Senate Bill No. 196, introduced by Senator Leila M. de Lima, entitled:

**"AN ACT
AMENDING REPUBLIC ACT NO. 1405, ALSO KNOWN AS THE BANK SECURITY
LAW, AS AMENDED, BY REMOVING FROM ITS COVERAGE, GOVERNMENT
OFFICIALS AND EMPLOYEES, AND FOR OTHER PURPOSES"**

Senate Bill No. 1124, introduced by Senator Juan Miguel F. Zubiri, entitled:

**"AN ACT
EXEMPTING GOVERNMENT OFFICIALS AND EMPLOYEES FROM THE
PROHIBITION AGAINST DISCLOSURE OF OR INQUIRY INTO DEPOSITS
WITH ANY BANKING INSTITUTION, AMENDING FOR THE PURPOSE
CERTAIN PROVISIONS OF REPUBLIC ACT NO. 1405, OTHERWISE KNOWN AS
THE "SECURITY OF BANK DEPOSITS LAW"**

and Senate Bill No. 1495, introduced by Senator Paolo Benigno "Bam" Aquino, entitled:

**"AN ACT
REPEALING REPUBLIC ACT NO. 1405, AS AMENDED, OTHERWISE KNOWN AS
THE SECURITY OF BANK DEPOSITS LAW"**

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached bill, Senate Bill No. 2226, prepared by the Committee, entitled:

**"AN ACT
ALLOWING DISCLOSURE OF DEPOSITS, REPEALING FOR THE PURPOSE THE
PERTINENT LAWS ON SECURITY OF DEPOSITS"**

be approved in substitution of Senate Bill Nos. 47, 115, 196, 1124, and 1495, with Senators Lacson, Pimentel, De Lima, Zubiri, Aquino and Escudero as authors.

Respectfully submitted:


SEN. FRANCIS G. ESCUDERO
Chairperson


SEN. GRACE POE
Vice Chairperson

Members

SEN. MARIA LOURDES NANCY S. BINAY

SEN. PANFILO M. LACSON

SEN. GREGORIO B. HONASAN II

SEN. WIN GATCHALIAN

SEN. JOEL VILLANUEVA

SEN. ANTONIO "SONNY" F. TRILLANES IV

SEN. PAOLO BENIGNO "BAM" AQUINO IV

Ex Officio Members

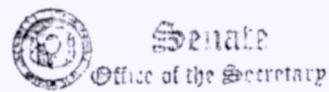
SEN. FRANKLIN M. DRILON
Senate Minority Floor Leader

SEN. JUAN MIGUEL "MIGZ" F. ZUBIRI
Senate Majority Floor Leader

SEN. RALPH G. RECFO
Senate President Pro-Tempore

HON. VICENTE C. SOTTO III
Senate President

SEVENTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
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'19 MAY 21 P1 :49

S E N A T E

Senate Bill No. 2226

RECEIVED

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Prepared by the Committee on Banks, Financial Institutions and Currencies, with
Senators Lacson, Pimentel, De Lima, Zubiri, Aquino, and Escudero as authors thereof

AN ACT
ALLOWING DISCLOSURE OF DEPOSITS, REPEALING FOR THE PURPOSE THE
PERTINENT LAWS ON SECRECY OF DEPOSITS

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

1 **SECTION 1.** *Short Title.* – This Act shall be known and cited as the "Deposits
2 Disclosure Act."

3 **SEC. 2.** *Declaration of Policy.* – It is hereby declared a policy of the State to
4 effectively combat domestic and global tax evasion, money laundering and other
5 financial crimes, and corruption; to promote harmonious and supportive international
6 relations; and to comply with international standards on transparency. It is likewise the
7 policy of the State to protect the fundamental human right of privacy of
8 communication, while ensuring free flow of information to promote innovation and
9 growth.

10 **SEC. 3.** *Non-Confidentiality of Deposits.* – All deposits of whatever nature or
11 currency denomination with banks or non-banking financial institutions in the
12 Philippines are hereby no longer considered as absolutely confidential nature and can
13 now be examined, inquired, or looked into under the following legitimate purposes,
14 subject to, if applicable, Section 4 of this Act:

- 15 A. Upon written permission or waiver of the depositor;
16 B. In the course of investigation or inquiry by the Office of the
17 Ombudsman, or pursuant to or in relation to its
18 Constitutional and/or statutory mandate;

- 1 C. Upon order of a competent court in relation to a case
2 pending before it;
- 3 D. Investigations by the Senate, House of Representatives
4 ("HoR"), or any of its Committees, in the course of, or
5 pursuant to, the exercise of its Constitutional and/or
6 statutory mandate;
- 7 E. Investigations necessary in the exercise of its mandate by
8 any government agency or financial regulator, including,
9 but not limited to, the Anti-Money Laundering Council
10 ("AMLC"), Bureau of Internal Revenue ("BIR"), the financial
11 regulators such as Bangko Sentral ng Pilipinas ("BSP"),
12 Securities and Exchange Commission ("SEC"), Philippine
13 Deposit Insurance Corporation ("PDIC"), and Insurance
14 Commission ("IC");
- 15 F. Inquiry by independent auditors or a qualified agent
16 engaged by the bank to provide independent audit or
17 technical services subject to a strict confidentiality
18 agreement; and
- 19 G. Inquiry on the account/s of a deceased depositor by his/her
20 immediate family members or compulsory heirs.

21

22 Further, any examination or inquiry and any results thereof shall be for the
23 exclusive use of the requesting body and shall not be made available to any person or
24 entity, whether public or private, except upon prescription by the persons enumerated
25 under Section 4 of this Act, as the case may be. Furthermore, no court shall issue a
26 temporary restraining order or writ of injunction against any act to examine, inquire, or
27 look into bank deposits except upon order issued by the Court of Appeals or the
28 Supreme Court.

29 **SEC. 4. *Authority to Issue Order.*** - In cases where the deposit shall be
30 examined, inquired, or looked into, the authority to issue the Order requiring such
31 examination or inquiry shall be limited to the following persons:

- 32
- 33 A. In the case of Section 3 (B) of this Act, the Ombudsman;

- 1 B. In the case of Section 3 (C) of this Act, the Regional Trial
2 Courts, the Court of Tax Appeals, the Court of Appeals, or
3 the Supreme Court;
- 4 C. In the case of Section 3 (D) of this Act, the Senate President
5 or the Speaker of the HoR, as the case may be; and
- 6 D. In the case of Section 3 (E) of this Act, the head of the
7 government agency or financial regulator concerned,
8 provided that if the government agency or financial
9 regulator has a governing board or council, consent of the
10 latter shall also be required;

11

12 **SEC. 5.** *Clearing House, Authentication of Order.* - The Bangko Sentral ng
13 Pilipinas shall act as the clearing house of any order issued pursuant to Section 4 hereof.
14 It shall ensure that the Order is authentic and for a legitimate purpose and is not
15 violative of RA No. 10173 or the Data Privacy Act of 2012.

16

17 **SEC. 6.** *Mandatory Disclosure.* -Pursuant to the provisions of this Act, the
18 bank or non-bank financial institutions concerned, their officers and employees are
19 mandated to disclose and report the requested deposit account information; the bank or
20 financial institution concerned, their officers and employees shall not refuse to allow
21 such examination or to provide the desired information.

22

23 **SEC. 7.** *Right to Privacy.* - Inquiry, examination, disclosure or use of
24 deposits shall always be for a legitimate purpose pursuant to Section 3 and in relation to
25 Sections 4 and 5 of this Act and shall not be used in any manner to harass, threaten or
26 violate the right to privacy of any person.

27

28 **SEC. 8.** *Penalty Clause.* - Any abuse on the initiation, conduct or use of any
29 inquiry or examination of accounts or the refusal to disclose or report deposits as
30 required pursuant to the provisions of this Act without justifiable reason shall, upon
31 conviction and without prejudice to other liabilities provided by law, suffer the penalty
32 of imprisonment of at least three (3) years or a fine of at least two hundred thousand
33 pesos or both, upon the discretion of the court. In the case of government officials or
34 employees, the penalty of perpetual absolute disqualification to hold public office shall
35 be likewise imposed.

1 **SEC. 9.** *Implementing Rules and Regulations.* – Within sixty (60) days from
2 the effectivity of this Act, the Bangko Sentral ng Pilipinas shall, in consultation with the
3 Department of Justice and other concerned financial regulators, promulgate the
4 necessary implementing rules and regulations for the effective and efficient
5 enforcement of this Act. *Provided*, That the implementing rules and regulations shall
6 take effect fifteen (15) days following its publication in two (2) newspapers of general
7 circulation.

8

9 **SEC. 10.** *Separability Clause.* – If any of the provisions of this Act is declared
10 invalid, the other provisions not affected thereby shall remain in full force and effect.

11

12 **SEC. 11.** *Repealing Clause.* – The following provisions of law insofar as they
13 relate to deposits are hereby repealed:

- 14
- 15 A. Republic Act No. 1405, as amended, also known as the
16 Secrecy of Bank Deposits Act;
- 17 B. Sections 8¹ and 12-A² of Republic Act No. 6426, as amended,
18 also known as the Foreign Currency Deposit Act of the
19 Philippines, with respect to foreign currency deposits;
- 20 C. Section 6³ Republic Act No. 8367, also known as the Revised
21 Non-Stock Savings and Loan Association Act of 1997, with

¹ “Sec. 8. Secrecy of Foreign Currency Deposits. All foreign currency deposits authorized under this Act, as amended by Presidential Decree No. 1035, as well as foreign currency deposits authorized under Presidential Decree No. 1034, are hereby declared as and considered of an absolutely confidential nature and, except upon the written permission of the depositors, in no instance shall such foreign currency deposits be examined, inquired or looked into by any person, government official, bureau or office whether judicial or administrative or private: 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.”

² “Sec. 12-A. Amendatory Enactments and Regulations. In the event a new enactment or regulation is issued decreasing the rights hereunder granted, such new enactment or regulation shall not apply to foreign currency deposits already made or existing at the time of issuance of such new enactment or regulation, but such new enactment or regulation shall apply only to foreign currency deposits made after its issuance.”

³ “Sec. 6. Prohibition against inquiry into or disclosure of deposits. All deposits of whatever nature with an Association in the Philippines are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except upon 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 litigation. It shall be unlawful for any official or employee of an Association to disclose to any person any information concerning said deposits, except in the cases mentioned in the preceding paragraph of this section. Any official or employee of an Association who violates this section shall be punished under Republic Act No. 1405, as amended.”

1 respect to all deposits of whatever nature with a Non-Stock
2 Savings and Loan Associations as provided under Republic
3 Act No. 8367;

4 D. Section 33⁴ of Republic Act No. 6848, also known as the
5 Charter of the Al-Amanah Islamic Investment Bank of the
6 Philippines, with respect to banking transactions relating to
7 all deposits of whatever nature as provided under Republic
8 Act No. 6848.

9 E. Section 55(b)⁵ of Republic Act No. 8791, also known as the
10 General Banking Law of 2000;

11 F. Section 26(a)(2)⁶ of Republic Act No. 7353, also known as
12 the Rural Banks Act of 1992;

13 G. Section 21(a)(2)⁷ of Republic Act No. 7906, also known as
14 the Thrift Banks Act of 1995; and

⁴ “Sec. 33. *Confidential Information*. Banking transactions relating to all deposits of whatever nature are confidential and may not be examined, inquired or looked into by any person, government official, bureau or office except as provided in the preceding section, or upon written permission by the depositor, or in cases where the money deposited or the transaction concerned is the subject of a court order.

It shall be unlawful for any official or employee of the Islamic Bank or any person as may be designated by the Board of Directors to examine or audit the books of the Bank to disclose or reveal to any person any confidential information except under the circumstances mentioned in the preceding paragraph.”

⁵ “SECTION 55. Prohibited Transactions.- 55.1. No director, officer, employee, or agent of any bank shall — (b) Without order of a court of competent jurisdiction, disclose to any unauthorized person any information relative to the funds or properties in the custody of the bank belonging to private individuals, corporations, or any other entity: Provided, That with respect to bank deposits, the provisions of existing laws shall prevail.”

⁶ “Sec. 26. Without prejudice to any prosecution under any law which may have been violated a fine of not more than ten thousand pesos (P10,000) or imprisonment of not less than six (6) months but not more than ten (10) years, or both, at the discretion of the court, shall imposed upon:

a. Any officer, employee, or agent of a rural bank who shall:

2. Without order of a court of competent jurisdiction, disclose any information relative to the funds or properties in the custody of the bank belonging to private individuals, corporations, or any other entity.”

⁷ “Sec. 21. Prohibited Acts. — Without prejudice to any prosecution under any law which may have been violated, a fine of not more than Ten thousand pesos (P10,000) or imprisonment for not less than six (6) months but not more than ten (10) years, or both, at the discretion of the court, shall be imposed upon:

a. Any officer, employee, or agent of a thrift bank who shall:

2. Without order of a court of competent jurisdiction, disclose any information relative to the funds or properties in the custody of the bank belonging to private individuals, corporations, or any other entity.”

1 H. Section 22⁸ of Executive Order No. 81, also known as the
2 1986 Revised Charter of the Development Bank of the
3 Philippines with respect to banking transactions relating to
4 all deposits of whatever nature;

5 I. Section 11 of Republic Act No. 9160, as amended, also
6 known as the Anti-Money Laundering Act of 2001, as
7 amended, in so far as it requires an order of any competent
8 court before the AMLC can inquire into bank deposits,
9 including related accounts, with any banking institution or
10 non-bank financial institution.

11
12 All laws, presidential decrees, executive orders, rules and regulations, and other
13 issuances, or any parts thereof, inconsistent with this Act, are hereby repealed, modified
14 or amended accordingly.

15 **SEC. 12. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved,

⁸ “SEC. 22. Prohibition on Officers and Employees of the Bank. – “Except as required by law, or upon order of a court of competent jurisdiction, or the express order of the President of the Philippines or written permission of the client, no officer or employee of the Bank shall reveal to, nor allow to be examined, inquired, or looked into, by any third person, government official, bureau or office any information relative to details of individual accounts or specific banking transactions: Provided, that in respect to deposits of whatever nature, the provisions of existing law shall apply. x x x