

REPUBLIC ACT NO. 8523

AN ACT STRENGTHENING THE DEVELOPMENT BANK OF
THE PHILIPPINES, AMENDING FOR THE PURPOSE
EXECUTIVE ORDER NO. 81

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

SECTION 1. Section 7 of Executive Order No. 81, entitled "Providing for the 1986 Revised Charter of the Development Bank of the Philippines" is hereby amended, as follows:

"SEC. 7. *Authorized Capital Stock-Par Value.*—The capital stock of the Bank shall be Thirty-five billion pesos (P35,000,000,000) to be divided into Three hundred fifty million (350,000,000) common shares with par value of P100 per share, which shall be fully subscribed by the national government. Upon the effectivity of this Charter, the National Government shall initially subscribe to One hundred twenty-five million (125,000,000) common shares of stock worth Twelve billion five hundred million pesos (P12,500,000,000), Five billion pesos (P5,000,000,000) of which shall be deemed paid for by the government and the balance shall be paid for by the government out of the stock dividends to be declared by the Bank from its unappropriated retained earnings: *Provided*, That the dividends due the national government pursuant to Republic Act No. 7656 shall first be paid."

SEC. 2. Section 8 of the same Charter is hereby amended to read as follows:

"SEC. 8. *Board of Directors - Composition - Tenure - Per Diems.*— The affairs and business of the Bank shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Charter, by a Board

of Directors consisting of nine (9) members, to be appointed by the President of the Philippines. The term of office of the Chairman, President and the members of the Board of Directors shall be for a period of one year or until such time as their successors are appointed.

"The Chairman of the Board shall be appointed by the President of the Philippines from among the members of the Board: *Provided*, That the position of chairman of the Board and president of the Bank shall not be held by the same person.

"The Chairman shall preside at meetings of the Board and of the stockholders.

"The President of the Bank shall be vice chairman of the Board, and as such, shall assist the Chairman and act in his stead in case of absence or incapacity. In case of incapacity or absence of both the Chairman and the Vice Chairman, the Board of Directors shall designate a temporary chairman from among its members.

"No person shall be appointed director of the Bank unless he is a natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, business management or government administration.

"At least four of the members of the Board shall come from the private sector.

"Except for the Chairman and the President, no officer or employee of the Bank may be appointed, as a member of the Board of Directors of the Bank; nor shall any director, officer or employee of any other bank be eligible as a member of the Board of Directors of the Bank.

"Unless otherwise set by the Board and approved by the President of the Philippines, members of the Board shall be paid a *per diem* of One thousand pesos (P1,000) for each meeting of

the Board of Directors actually attended: *Provided*, That the total amount of *per diems* for every single month shall not exceed the sum of Seven thousand five hundred pesos (P7,500)."

SEC. 3. Section 10 of the same Charter is hereby amended to read as follows:

"SEC. 10. *President and Chief Executive Officer.* – The Chief Executive Officer of the Bank shall be the President who shall be elected by the Board of Directors from among themselves with the advice and consent of the President of the Philippines. No person shall be appointed President of the Bank unless he is at least forty (40) years of age, of good moral character and reputation, with at least ten (10) years previous experience in banking, and has a reputed proficiency, expertise and recognized competence in banking or financial management.

"The President shall, among other powers and duties, execute, carry out and administer the policies, measures, orders and resolutions approved by the Board; direct and supervise the operation and administration of the Bank; and exercise such other powers and perform such other functions or duties as may be directed to or assigned to him by law or by the Board from time to time.

"Particularly, he shall have the power and duty:

"(a) To sign and execute all contracts concluded by the Bank and enter into all necessary obligations required or permitted by this Charter, upon proper authorization by the Board; and sign all notes, securities, certificates and other major documents of the Bank;

"(b) To exercise, as Chief Executive Officer of the Bank, the powers of control and supervision over decisions and actions of subordinate officers and all other powers that may be granted by the Board;

"(c) To report to the Board the main facts concerning the operations of the Bank and to recommend changes in policies which he may deem advisable;

"(d) To submit an annual report to the President of the Philippines on the result of the operations of the Bank;

"(e) To recommend to the Board the appointment, promotion, or removal of all officers of the Bank, with the rank of at least vice president or its equivalent;

"(f) To appoint, promote or remove employees and officers below the rank of vice president or its equivalent: *Provided*, That promotions, transfers, assignments or reassignments of officers and personnel of the Bank are personnel actions deemed made in the interest of the service and not disciplinary, any provision of the Civil Service Law to the contrary notwithstanding; and

"(g) As required by circumstances, to delegate any of his powers, duties or functions to any officer or director of the Bank, with the approval of the Board."

SEC. 4. Section 11 of the same Charter is hereby repealed.

SEC. 5. Section 12 of the same Charter is hereby amended to read as follows:

"SEC. 12. *Legal Matters and Cases.* – The Bank shall have its own Legal Department, the head of which shall be appointed by the Board of Directors of the Bank upon recommendation of the President of the Bank.

"In appropriate cases, the Bank may avail also of the legal services of any government legal office authorized to render such services to government-owned or -controlled corporations.

"The Bank may, upon the recommendation of its Chief Legal Counsel, depute any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the

debtor's properties, and in the enforcement of court writs and processes in cases involving the Bank. The special sheriff of the Bank shall make a report to the proper court after any action taken by him, which shall treat such action as if it were an act of its own sheriffs in all respects."

SEC. 6. Section 13 of the same Charter is hereby amended to read as follows:

"SEC. 13. *Other Officers and Employees.* – The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the President of the Bank, fix their remunerations and other emoluments. All positions in the Bank shall be governed by the compensation, position classification system and qualification standards approved by the Board of Directors based on a comprehensive job analysis of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board of Directors once every two (2) years, without prejudice to yearly merit or increases based on the Bank's productivity and profitability. The Bank shall, therefore, be exempt from existing laws, rules, and regulations on compensation, position classification and qualification standards. The Bank shall however, endeavor to make its system conform as closely as possible with the principles under Compensation and Position Classification Act of 1989 (Republic Act No. 6758, as amended).

"No officer or employee of the Bank subject to Civil Service Law shall be dismissed except for cause as provided by law."

SEC. 7. *Separability Clause.* – In the event that any provision of this Act or the applicability of such provision to any person or circumstance is declared invalid, the remainder of the Act or the application of said provision to other persons or circumstances shall not be affected by such declaration.

SEC. 8. *Repealing Clause.* – All acts, executive orders, administrative orders, proclamations, rules and regulations or

parts thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days following the completion of its publication in the *Official Gazette* or in two (2) national newspapers of general circulation.

Approved, February 14, 1998.