



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 580
Series of 2007

Subject: Amendments on the applicability of DOSRI rules and regulations to government borrowings

Pursuant to Monetary Board Resolution No. 920 dated 16 August 2007, the following amendments on the applicability of DOSRI rules and regulations to government borrowings are hereby issued:

Section 1. Item 2 of Subsection X337.1 of the Manual of Regulations for Banks (MORB) is hereby amended to read as follows:

- "2. Loans, other credit accommodations, and/or guarantees to: (a) GOCCs; and (b) corporations where the ROP, its agencies/departments/bureaus, and/or GOCCs own at least twenty percent (20%) of the subscribed capital stock shall be considered indirect borrowings of the ROP and shall form part of the individual ceiling as well as the aggregate ceiling: *Provided*, That the following loans, other credit accommodations, and/or guarantees to GOCCs and corporations where the ROP, its agencies/departments/bureaus, and/or GOCCs own at least twenty percent (20%) of the subscribed capital stock shall be excluded from the thirty percent (30%) ceiling on unsecured loans under Sections X330 and X331:
- a. Loans, other credit accommodations, and/or guarantees for the purpose of undertaking priority infrastructure projects consistent with the Medium-Term Development Plan/Medium Term Public Investment Program of the National Government, duly certified as such by the Secretary of Socio-Economic Planning;
 - b. Loans, other credit accommodations, and/or guarantees granted to participating financial institutions (PFIs) in the lending programs of the government wherein the funds borrowed are intended for relending to other PFIs or end-user borrowers;
 - c. Loans, other credit accommodations, and/or guarantees to provide rediscounting facilities, and guarantee programs for loans granted to the agricultural sector, and micro, small and medium enterprises; AND
 - d. **LOANS, OTHER CREDIT ACCOMMODATIONS, AND/OR GUARANTEES GRANTED TO LOCAL WATER DISTRICTS:**

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PROVIDED, THAT THESE ARE FUNDED OR FINANCED BY SPECIAL OR SPECIFIC FUNDS/FACILITIES PROVIDED BY FOREIGN GOVERNMENTS, DEVELOPMENT OR DONOR AGENCIES, AND/OR MULTILATERAL FINANCIAL INSTITUTIONS, SUCH AS THE ASIAN DEVELOPMENT BANK, THE INTERNATIONAL FINANCE CORPORATION, AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT.

Section 2. Item numbers 3, 4, 5 and 6 of Subsection X337.1 of the MORB are hereby renumbered as 4, 5, 6 and 7, respectively. The following provisions are hereby added as Item No. 3 of the same subsection:

“3. LOANS, OTHER CREDIT ACCOMMODATIONS, AND/OR GUARANTEES GRANTED TO STATE UNIVERSITIES AND COLLEGES (SUCS) SHALL BE EXCLUDED FROM THE THIRTY PERCENT (30%) CEILING ON UNSECURED LOANS UNDER SECTIONS X330 AND X331;”

Section 3. The provisions of Circular No. 547, as amended by this Circular shall also be applicable to quasi-banks and other non-bank financial institutions, as these apply to government financial institutions, and shall be added to the Q-Regulations and N-Regulations of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

Section 4. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.
Governor

4 September 2007