



Bangko Sentral ng Pilipinas

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

CIRCULAR LETTER NO. CL – 2008 – 050

To : All Banks

Subject : Monetary Board Resolution No. 579.A dated 15 May 2008

Pursuant to the instructions of the Monetary Board (MB), in its Resolution No. 579.A dated 15 May 2008, all Banks are reminded of the requirement of prior MB opinion under Section 123 of R.A. No. 7653 (The New Central Bank Act) on the monetary implications of the borrowings of the Government, or any of its political subdivisions or instrumentalities.

Section 123 of R.A. No. 7653 provides –

“Financial Advice on Official Credit Operations. — Before undertaking any credit operation abroad, the Government, through the Secretary of Finance, shall request the opinion, in writing, of the Monetary Board on the monetary implications of the contemplated action. Such opinions must similarly be requested by all political subdivisions and instrumentalities of the Government before any credit operation abroad is undertaken by them.

The opinion of the Monetary Board shall be based on the gold and foreign exchange resources and obligations of the nation and on the effects of the proposed operation on the balance of payments and on monetary aggregates.

Whenever the Government, or any of its political subdivisions or instrumentalities, contemplates borrowing within the Philippines, the prior opinion of the Monetary Board shall likewise be requested in order that the Board may render an opinion on the probable effects of the proposed operation on monetary aggregates, the price level, and the balance of payments.”

For your guidance and strict compliance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

06 August 2008

PANANALAPING MATATAG, BANSANG PANATAG