



Bangko Sentral ng Pilipinas

MANILA

OFFICE OF THE GOVERNOR

CIRCULAR NO. 186

Series of 1999

Pursuant to Monetary Board Resolution Nos. 1666 and 1802 dated December 2 and 29, 1998, respectively, the provisions of the Manual of Regulations for Banks and Other Financial Intermediaries (Books I to IV) regarding secured loans to directors, officers, stockholders and their related interests (DOSRI) of banks and non-banks performing quasi-banking functions, are amended as follows:

Section 1. Subsection 1326.1.h (1)(Book I) is hereby amended to read as follows:

“h. Secured loan, borrowing, or credit accommodation shall refer to:

“(1) Any loan, discount, credit or advance or portion thereof referred to in Section 1327 which is secured by real estate mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks excluding Philippine branches of foreign banks; assignment of, or hold-out on, deposits or deposit substitutes maintained in the lending bank; cash margin deposits; or assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and “blue chip” stocks, except those issued by the lending entity, and subject to the following additional provisions: (a) the issuer corporation must be a listed corporation with a networth of at least ₱1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and (b) the loan value shall be equivalent to fifty percent (50%) of the market value of the stocks;”

Section 2. Subsection 2326.1.g(1)(Book II) is hereby amended to read as follows:

“g. Secured loan, borrowing, or credit accommodation shall refer to:

“(1) Any loan, discount, credit or advance or portion thereof, referred to in Section 2327 which is secured by real estate mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks excluding Philippine branches of foreign banks; assignment of, or hold-out on, deposits or deposit substitutes maintained in the lending bank; cash margin deposits; or assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and “blue chip” stocks, except those issued by the lending entity, and subject to the following additional provisions: (a) the issuer corporation must be a listed corporation with a networth of at least ₱1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and (b) the loan value shall be equivalent to fifty percent (50%) of the market value of the stocks;”

Section 3. Subsection 3326.1.g(1)(Book III) is hereby amended to read as follows:

“g. Secured loan, borrowing, or credit accommodation shall refer to:

“(1) Any loan, discount, credit or advance, or portion thereof, referred to in Section 3327 which is secured by real estate mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks excluding Philippine branches of foreign banks; assignment of, or hold-out on, deposits maintained in the lending bank; or assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and “blue chip” stocks, except those issued by the lending entity, and subject to the following additional provisions: (a) the issuer corporation must be a listed corporation with a networth of at least ₱1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and (b) the loan value shall be equivalent to fifty percent (50%) of the market value of the stocks;”

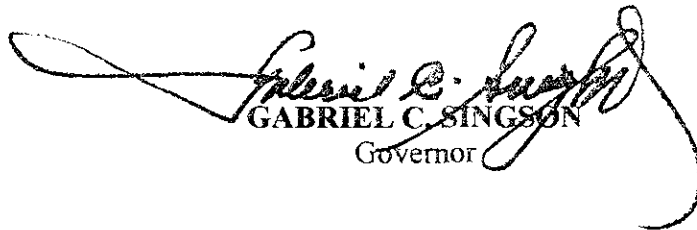
Section 4. Subsection 4326Q.1.d (Book IV) is hereby amended to read as follows:

“d. ‘Secured loan, borrowing, or credit accommodation’ shall refer to any loan, discount, credit or advance, or portion thereof referred to in Section 4327Q which is secured by real estate

mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks; assignments of or hold-out on deposit substitutes issued by the lending entity; cash margin deposits; assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and "blue chip" stocks, except those issued by the lending entity; or receivables arising from financial leases to the extent of the guaranty deposit plus sixty percent (60%) of the remaining value of the leased equipment. For this purpose, the issuer corporation of "blue chip" stocks must be a listed corporation with a networth of at least ₦1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and the loan value of said stocks shall be equivalent to fifty percent (50%) of its market value."

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


GABRIEL C. SINGSON
Governor

January 26, 1999