

# **[ PRESIDENTIAL DECREE NO. 2035, February 20, 1986 ]**

## **AMENDING SECTION 90 OF REPUBLIC ACT NO. 265, AS AMENDED, AND FOR OTHER PURPOSES**

WHEREAS, the Constitution of the Republic of the Philippines requires the establishment of a central monetary authority which shall provide policy directions in the areas of money, banking, and credit and have supervisory authority over the operations of banks as may be provided by law;

WHEREAS, Section 90 of Republic Act No. 265, as amended, prescribes, among others, that in periods of emergency or of imminent financial panic which threaten monetary and banking stability, the Central Bank shall grant extraordinary advances to banking institutions;

WHEREAS, Section 6-E of Republic Act No. 337, as amended, states that the banking industry is indispensable to the national interest and prescribes that the Monetary Board shall modify or set aside the penalties for reserve deficiencies accruing during the entire period of any national emergency affecting bank operations or any bank strike or lockout;

WHEREAS, certain sectors of the country are engaged in a campaign to convince the Filipino people to undertake activities calculated or designed to obstruct performance by the Government of its constitutional duty to maintain internal and external monetary stability in the Philippines and foster monetary credit and exchange conditions conducive to a balanced and sustainable growth of the national economy;

WHEREAS, it is imperative that the Government adopt decisive measures to prevent erosion of public confidence in the Philippine banking system:

NOW THEREFORE, I, FERDINAND E. MARCOS, by virtue of the powers in me vested by the Constitution and the laws, do hereby decree and order the amendment of Republic Act No. 265, as amended, as follows:

SECTION 1. There is hereby inserted a new Section in Republic Act No. 265, as amended, to be known as Section 90-A which shall read as follows:

"SECTION 90-A. Extraordinary loans and advances. Upon proclamation by the President of the Philippines that there exists a concerted political effort to undermine the stability of any bank or banks or imminent danger thereof which threatens the stability of the banking industry, the Governor is required to make available to the bank or banks concerned, extraordinary loans or advances in the form of credit lines equal to their deposits; deposit substitute liabilities; and foreign obligations outstanding as shown in their statement of condition as of the; date specified in the required presidential proclamation under the following terms and conditions:

"1. Drawings under the credit line shall be made by way of promissory notes in favor of the Central Bank executed by the bank concerned acting through its President or Treasurer or its duly authorized representatives.

"2. All availments shall be used only for the following purposes: