

[PRESIDENTIAL DECREE NO. 1453, June 11, 1978]

FURTHER AMENDING REPUBLIC ACT NUMBERED 6426, AS AMENDED, OTHERWISE KNOWN AS THE FOREIGN CURRENCY DEPOSIT ACT OF THE PHILIPPINES

WHEREAS, under Presidential Decree No. 1035, the authority of certain depository banks under Republic Act No. 6426, which have the necessary resources and managerial competence, was expanded to enable said banks to engage more actively in foreign exchange transactions;

WHEREAS, the objectives behind the issuance of P.D. 1035 could be more readily achieved if said depository banks were allowed to freely engage in foreign exchange trading and other similar transactions without being unduly restricted by existing provisions of law, subject only to the regulatory authority of the Monetary Board;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree that Republic Act No. 6426, as amended, be further amended as follows:

SECTION 1. The first paragraph of Section 4 of Republic Act No. 6426, as amended, is hereby amended to read as follows:

"SEC. 4. Foreign currency cover requirements.—Except as the Monetary Board may otherwise prescribe or allow, the depository banks shall maintain at all times a one hundred percent foreign currency cover for their liabilities, of which cover at least fifteen percent shall be in the form of foreign currency deposit with the Central Bank, and the balance in the form of foreign currency loans or securities, which loan or securities shall be of short term maturities and readily marketable. Such foreign currency loans may include loans to domestic enterprises which are export-oriented or registered with the Board of Investments, subject to the limitations to be prescribed by the Monetary Board on such loans. Except as the Monetary Board may otherwise prescribe or allow the foreign currency cover shall be in the same currency as that of the corresponding foreign currency deposit liability. The Central Bank may pay interest on the foreign currency deposit, and if requested shall exchange the foreign currency notes and coins into foreign currency instruments drawn on its depository banks".

SEC. 2. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of June in the year of Our Lord, nineteen hundred and seventy-eight.

**(Sgd.) FERDINAND E.
MARCOS**
President of the Philippines

By the President: