

# [ PRESIDENTIAL DECREE NO. 584, November 16, 1974 ]

## ESTABLISHING A PROCEDURE FOR ACQUISITION BY SMALL FARMERS OF EQUITY IN RURAL BANKS.

**WHEREAS**, rural banks have been established primarily to meet the normal credit needs of people living in the rural areas, particularly the small farmers;

**WHEREAS**, in order to give these small farmers the opportunity and privilege of self-development, social growth, and economic independence under a truly just and democratic society, the Samahang Nayons have been organized with certain rights and privileges;

**WHEREAS**, it is fitting that these small farmers, either directly or through their Samahang Nasyon, be further encouraged to invest in the equities of rural banks with which they are closely and directly involved;

**WHEREAS**, diffusion of ownership of equity in rural banks will further ensure sound operation and progress of such rural banks;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order, as follows:

**SECTION 1.** The provisions of existing law or regulation to the contrary notwithstanding, a rural bank shall make available for sale to farmers who are clients of the bank and who are members of a Samahang Nasyon or to any Samahang Nasyon of which said farmers are members, common shares of stock of the rural bank representing in the aggregate up to forty per cent (40%) of the voting stock of the bank, at a price to be agreed upon between the parties: *Provided*, That, where no agreement is reached on the price, the matter shall be submitted to the Central Bank of the Philippines for determination: *Provided, further*, That, the aforementioned acquisitions of shares of stock in rural banks shall be subject to the limitations on individual, family group, or corporate holdings established under Section 12 of Republic Act No. 337, as amended.

**SEC. 2.** The Central Bank of the Philippines shall prescribe such rules and regulations necessary to carry out the provisions hereof.

**SEC. 3.** This Decree shall take effect immediately.

Done in the City of Manila, this 16th day of November, in the year of Our Lord, nineteen hundred and seventy-four.

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

By the President: