

[BSP CIRCULAR NO. 114, September 05, 1996]

ON EMERGENCY LOANS OR ADVANCES TO BANKING INSTITUTIONS

Pursuant to Monetary Board Resolution No. 723 dated 24 July 1996, the following classification and amendments to the guidelines governing the grant of emergency loans or advances to banking institutions, as contained in Circular No. 984 dated December 7, 1983 and Circular No. 35 dated 25 July 1994, are hereby issued:

1. Liquidated damages not exceeding five percent (5%) shall continue to be imposed by the Bangko Sentral on any delayed payment on emergency loans or advances to the banking institutions.
2. The interest rate shall be charged on such loans or advances shall be the average of the 91-day Treasury Bill (T-Bill) rate as of the auction immediately preceding the release of the loan or advance. Provided That said interest rate shall be subject to repricing every three (3) months similarly on the basis of the average 91-day T-Bill rate as of the auction immediately preceding the date of interest determination.
3. In connection with the rehabilitation of closed banks or on account of circumstances deemed meritorious by the Monetary Board, the above rates of liquidated damages and interest on such loans and advances may not be charged or may be modified.

The provisions of Circular No. 35 inconsistent herewith are hereby amended.

This Circular shall take effect immediately.

Adopted: 5 Sept. 1996

(SGD.) GABRIEL C. SINGSON
Governor



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