

LETTER OF INSTRUCTIONS NO. 340, November 24, 1975

LETTER OF INSTRUCTIONS NO. 340, November 24, 1975

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/0d8db6527dfe/>

TO:

The Secretary of Finance
The Governor of the Central Bank

SUBJECT:

1. CONTROL OF THE MONEY MARKET 2. WITHHOLDING TAX ON MONEY MARKET OPERATIONS AS NEW SOURCE OF INCOME FOR GOVERNMENT.

The present restrictive credit situation in the economy has made the money market a very attractive venture for many of our people. The 36% return on investment is not easy to achieve on ordinary business activity these days except the money market. The CBCI operations of Central Bank may have drained our banks of loanable funds for industry and commerce. Even companies and individuals who have surpluses do not deposit their funds in banks or re-invest in new businesses as the money market gives the highest and quickest return on investment todate. Besides, it is tax free as there are no records of then transaction for the government to know the interests paid to the money placers who are usually people with hidden wealth or bank directors who borrow money from another bank by arrangement among banks.

To correct the present situation and return the money supply where it is needed the most, I hereby order that the following policies be implemented:

1)

The DIR Code be amended to impose a withholding tax on all transactions in the money market.

1-a.

The lenders should be registered as in the stock exchange.

The Secretary of Finance will prepare the corresponding amendments.

2)

The Central Bank should impose Ceilings on operations of lending by finance companies based on their equity or capital like the banks.

3)

The Central Bank should intervene and put money in the money market when the rate of interest increases more than five percent (5%) of standard lending rates of commercial banks.

It is essential to continue our industrialization and commercial activities in order that the economy may not stand still. The present attractiveness of the money market has siphoned money supply away from industry and the agricultural areas. Investments are being postponed for profits rather than implemented for social benefits and the economy as a whole.

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

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.