

AN ACT CREATING THE PRIVATE DEBT RESTRUCTURING AND REPAYMENT CORPORATION DEFINING ITS POWERS AND FOR OTHER PURPOSES.

PRESIDENTIAL DECREE NO. 2000, November 26, 1985

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WHEREAS, it is a declared objective of the Government of the Republic of the Philippines to ensure the viability of the private corporate sector;

WHEREAS, there is an imperative need to adopt and implement a program for the repayment of foreign currency debt obligations owed by Philippine private corporate sector borrowers in a manner consistent with the continuing viability of such companies and supportive of the Philippine economic recovery program;

WHEREAS, it is recognized that such repayment program must essentially provide a system under which foreign exchange risk protection is furnished with respect to current and future maturities of private corporate sector foreign currency debt;

WHEREAS, the Central Bank of the Philippines has been authorized under Presidential Decree No. 1961 in connection with the restructuring of Philippine foreign currency debt to adopt and implement, directly or through a subsidiary, a foreign exchange risk protection program.

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

SECTION 1. Corporate Body.— There is hereby created a body corporate to be known as the Private Debt Restructuring and Repayment Corporation, hereinafter referred to as the "Corporation".

SEC. 2. Principal Office.—The Corporation shall have its principal office in Metropolitan Manila, Philippines, and may have such branches elsewhere in the Philippines as may be necessary or proper for the attainment of its objectives.

SEC. 3. Capitalization. —The Corporation shall have an authorized capital of Two Billion Pesos (P2,000,000,000.00) of which Five Hundred Million Pesos (P500,000,000.00) shall be initially subscribed and Twenty Five Million Pesos (P25,000,000.00) paid for by the Central Bank of the Philippines.

SEC. 4. Responsibilities and Objectives.—It shall be the responsibility of the Corporation to administer the program for the rescheduling and repayment of the foreign currency debt of the private corporate sector.

It shall be the duty of the Corporation to use the powers granted to it under this Decree to achieve the following principal objectives:

- (a) To provide Philippine private corporate sector borrowers and their creditors with flexible options for the repayment of outstanding foreign currency debt in a manner consistent with the continuing financial viability and the debt service capability of these companies;
- (b) To provide forward exchange protection to corporations that wish to avail themselves of such cover; and

(c) To assist the Central Bank in managing the outflow of foreign exchange from the Philippines consistent with the Government economic adjustment program.

SEC. 5. Corporate Powers. —The Corporation shall have the following powers and functions:

- To enter into forward exchange transactions or any other transaction with any domestic non-99 financial entity, enterprise or corporation duly registered and/or licensed under the laws of the Republic of the Philippines which will enable said entity, enterprise or corporation to hedge foreign exchange risk associated with any of its foreign currency-denominated restructured debt;
- To extend peso-denominated loans to any such domestic non-financial entity, enterprise or corporation the proceeds of which shall be utilized solely for the purpose of settling its restructured foreign currency-denominated debt;
- To obtain or arrange for borrowings from domestic or foreign sources as may be necessary and whenever warranted;
- To buy, sell and deal in foreign exchange;
- To make contracts;
- To lease or own real and personal property and to sell, mortgage or otherwise dispose of the same;
- To sue and be sued;
- To adopt, alter, and use a corporate seal;
- To invest funds not needed in its operations; and
- To exercise the general power of a corporation mentioned in the Corporation Code of the Philippines insofar as they are not inconsistent with the provisions of this Decree and otherwise to do and perform any and all things necessary or proper to accomplish the objectives of this Decree, or essential to the proper conduct of the operations of the Corporation, or as may be directed by the President of the Philippines.

SEC. 6. Foreign Borrowings.—The Corporation may contract foreign currency loans, credits or indebtedness with the guarantee of the Republic of the Philippines, upon such terms as may be agreed with the lenders, subject to the concurrence, general or specific, of the Monetary Board and further to the final approval of the President of the Philippines.

SEC. 7. Exchange Profits and Losses. —All foreign exchange profits and losses which may arise from the forward exchange operations and other foreign exchange transactions of the Corporation shall be chargeable against the revaluation account of the Central Bank in accordance with Republic Act No. 265, as amended.

SEC. 8. Board of Directors.—The powers and authority of the Corporation shall be vested in, and exercised by, a Board of Directors, hereinafter referred to as the "Board", consisting of the Governor, Central Bank of the Philippines, as ex-officio Chairman, a Vice-Chairman and five other members. The Chairman of the Development Bank of the Philippines, the President of the Philippine National Bank, and two members from the Monetary Board to be designated by the Monetary Board, shall be ex-officio members of the Board. Two other members from the government or private sector shall be appointed by the President of the Philippines. The appointive members of the Board shall serve for a period of one year from the date of appointment and until their respective successors shall have been duly appointed and have qualified. The members of the Board shall elect from among themselves the Vice-Chairman.

In case of death, resignation, removal, or disqualification of the Vice-Chairman or any member of the Board, the successor or successors to hold office only for the un-expired portion of the term.

SEC. 9. Powers of the Board.—The Board shall have the following powers:

- To formulate policies to carry out effectively the provisions of this Decree, subject to the approval of the President of the Philippines;
- To prepare and issue rules and regulations as it considers necessary for the effective discharge of the responsibilities and exercise of the powers assigned to the Corporation under this Decree;
- To direct the management, operations, and administration of the Corporation;
- To authorize such expenditures by the Corporation as are in the interest of the effective administration and operations of the Corporation; and
- To exercise such other powers as may be necessary to accomplish the purposes for which the Corporation was organized.

SEC. 10. Meetings.— The Board shall meet regularly at least once a month at the office of the Corporation, unless otherwise determined by the Board. Special meetings of the Board shall be held whenever so requested by the Chairman or on the written request of two (2) directors.

SEC. 11. Remuneration of Members for Attending Meetings of the Board. —The members of the Board shall be entitled to per diems for every meeting actually attended in such amount as the Board may deem appropriate but not exceeding five hundred pesos (P500.00) per meeting nor two thousand pesos (P2,000.00) for any single month.

SEC. 12. Officers and other Personnel.—The officers of the Corporation shall be a Chairman, a Vice-Chairman, a General Manager and a Deputy General Manager. The General Manager, the Deputy General Manager and all other officers and employees of the Corporation shall be appointed by the Chairman, with the confirmation of the Board. The Central Bank may assign any Central Bank official or employee to the Corporation on detail: Provided, That such assignment of any Central Bank official or employee to the Corporation shall be deemed to be in the interest of the service and not disciplinary, any provision of existing law to the contrary notwithstanding: Provided, further, That the assignment of such Central Bank officials and employees shall not suspend or interrupt the continuity of their services with the Central Bank. The remuneration and other emoluments of officers and employees of the Corporation shall be fixed by the Board. Central Bank officials and employees detailed to the Corporation shall continue to receive the remuneration and other emoluments to which such officials and employees are entitled to receive as such from the Central Bank: provided, That Central Bank officials and employees so detailed shall not receive any additional compensation from the Corporation: Provided, further, That the Corporation shall pay directly or reimburse the Central Bank the remuneration and emoluments of Central Bank officials and employees detailed to the Corporation.

SEC. 13. Chairman. —The Chairman shall preside at all meetings of the Board. He shall submit to the President of the Philippines quarterly reports regarding the activities and operations of the Corporation and containing such information relating to the proceedings and policies of the Corporation.

SEC. 14. Vice-Chairman.—In the absence of the Chairman or in the event of his death, inability, or refusal to act, the Vice-Chairman shall perform the duties of the Chairman and such other duties as from time to time may be assigned to him by the Board.

SEC. 15. General Manager.—The General Manager shall be the chief executive officer of the Corporation. No

person shall be appointed General Manager of the Corporation unless he is at least thirty five of age, of good moral character and reputation, and has reputed proficiency, expertise and recognized competence in banking and economics, or finance, management, government administration, or law.

SEC. 16. Powers and Duties of the General Manager.—The General Manager of the Corporation shall have the following duties and responsibilities:

- To prepare the agenda for meetings of the Board and to submit for the consideration of the Board policies and measures which he believes are necessary to carry out the purposes and objectives of the Corporation;
- To execute and administer the policies, measures, orders and resolutions approved by the Board;
- To execute all contracts in. behalf of the Corporation and to enter into all transactions required or permitted by this Decree upon proper authorization by the Board;
- To recommend the appointment, promotion, assignment or removal of all subordinate officers and employees of the Corporation;
- To report periodically to the Board on the operations of the Corporation; and
- To perform such other functions as may be delegated to him by the President, with the approval of the Board.

SEC. 17. Deputy General Manager.—in the absence of the General Manager or in the event of his death, inability or refusal to act, the Deputy General Manager shall exercise the powers and perform the duties of the General Manager and shall perform such other duties as from time to time may be assigned to him by the General Manager or by the Board.

SEC. 18. Auditor.—The Chairman of the Commission on Audit shall act as the ex-officio Auditor of the Corporation and as such, is empowered to appoint a representative who shall be the Auditor of the Corporation and in accordance with law, fix his salary, and to appoint and fix the salaries of the necessary personnel to assist said representative in the performance of his duties, but in all cases subject to the approval of the Board. The Auditor of the Corporation and personnel under him may be removed only by the Chairman of the Commission on Audit.

SEC. 19. Tax Exemption.—The Corporation shall be exempt from all national, provincial, municipal and city taxes, fees, charges and assessments now in force or hereafter established.

SEC. 20. Repealing Clause.— All laws, decrees, executive orders, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 21. Effectivity Clause.— This Decree shall take effect immediately.

DONE in the City of Manila, Philippines, this 26th day of November, in the year of Our Lord, nineteen hundred and eighty-five.

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