

LETTER OF IMPLEMENTATION NO. 59, January 16, 1978

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WHEREAS, to realize the objectives of Presidential Decree No. 175 and the regulations promulgated thereunder, it was found that there is need to amend such regulations:

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order the amendment of Letter of Implementation No. 23, as follows:

SECTION 1. Regulation 37 of Letter of Implementation No. 23 dated July 9, 1973 is hereby amended to read as follows:

"Regulation 37. Purchase of Shares of Stocks of Rural Banks - Samahang nayon and kilusang bayan (s) shall have the option to purchase government-held preferred shares of rural banks as well as common stocks therein.

For this purpose, samahang nayon (s) are authorized to utilize the sum of money existing under their barrio guarantee fund and barrio savings fund programs. In any case, any government-held preferred shares so purchased shall be converted to voting stocks.

SEC 2. Regulation 38 of the same Letter of Implementation is hereby amended to read as follows:

"Regulation 58. Establishment of Rural Banks. Subject to pertinent banking laws and "Central Bank rules and regulations, kilusang bayan (s) for credit may be converted as rural banks or private development banks while samahang nayon (s) and/or kilusang bayan (s) may establish rural banks in any province or locality as the needs of members would require, Such rural banks shall conduct business within the area of operation of the samahang nayon (s) and/or kilusang bayan (s). Such rural banks may receive deposits from the general public: Provided, That deposits from the general public shall in no case exceed the deposits of members of such rural banks. Such rural banks shall extend loans to their members, members of the samahang nayon (s) and/or kilusang bayan (s)."

SEC, 3. Regulation 4-7 of the same Letter of Implementation is hereby amended to read as follows:

"Regulation 47. Types of Kilusang Bayan - Kilusang bayan may fall under any of the following categories:

- Producers;
- Marketing;
- Credit;
- Consumers, and
- Service.

Kilusang bayan for producers are those which are organized primarily for the production of a particular product or commodity.

Kilusang bayan. for marketing are those which are engaged primarily in the marketing of products of members as

well as the supply of production input.

Kilusang bayan for credit are those which are engaged in receiving deposits and granting loans. Kilusang bayan for credit singly or in association with one another, subject to pertinent banking laws and Central Bank rules and regulations, may be converted as cooperative rural banks, or private development banks. Such banks may qualify for the Management Training and Assistance Program as well as the Cooperative Development Loan Fund.

Kilusang bayan for consumers are those which are engaged in procuring and distributing goods to members and non-members for their mutual benefit.

Kilusang bayan for service are those which are engaged primarily in rendering service to meet the special needs of members of a community and includes, among others, housing, labor and insurance cooperatives."

SEC. 4. This Letter of Implementation shall take effect immediately.

DONE in the City of Manila, this 16th day of January, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE

Presidential Executive Assistant

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