ELIGIBLE ALTERNATIVE COMPLIANCE WITH P.D. 717

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To increase and further improve banks' compliance with the mandatory allocation of funds for agrarian reform and agricultural credit under P.D. 717 dated May 29, 1975, listed hereunder are the securities/investments eligible as alternatives allowed as compliance with P.D. No. 717 as provided under various provisions of law/BSP regulations, as follows:

A. Eligible for both Agri-Agra Compliance

1. Circular No. 190 dated February 16, 1999

> a. Development Loans Incentive for educational institutions, cooperatives, hospitals/medical services, socialized/low cost housing and loans to Local Government Units (LGUs), pursuant to Sections 8 and 9 of R.A. No. 7721 (An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines and for Other Purposes). The rule allowing Development Loan Incentives shall not apply to branches of foreign banks.
>
> b. Loans for High Value Crop Projects, pursuant to Section 8 of R.A. No. 7900 (High Value Crop Development Program), shall apply only to banks participating in the High Value Crop Development Program, i.e. LBP, DBP and any qualified lending institution accredited/selected as provided in the Implementing Rules and Regulations of R.A. No. 7900 (Joint Administrative Order No. 1, Series of 1996 of the Department of Agriculture dated April 23, 1996).
>
> c. Unused Agri- Agra Funds Utilized for Socialized and Low Cost Housing, as a source of non-budgetary funding to augment the Comprehensive and Integrated Shelter and Urban Development Financing Program under R.A. No. 7835.

2. Circular No. 213 dated October 20, 1999 — Ten-Year Agrarian Reform Bonds issued thru LBP.

3. Circular No. 233 dated March 30, 2000 — investments in Quedancor Capital Stock, loans to farmers, fishermen, cooperatives, rural workers and rural enterprises covered by guarantees of Quedancor, and rediscounting by secondary banks of Quedancor Guaranteed Loans by originating banks. In the case of rediscounted loans, the originating bank may not use such loans as compliance with P.D. 717.

B. Eligible for Agra Compliance only

1. Circular No. 196 dated April 12, 1999 — investments in/firm underwriting of NDC Agri-Agra Economic Recovery through Agricultural Productivity (ERAP) Bonds to implement Executive Order No. 83 dated December 25, 1998.

2. Circular No. 226 dated February 9, 2000 — LGU Bonds

3. Circular No. Circular 234 — PAG-IBIG P4.0 billion Bond issue (2000 Series)

C. Eligible for Agri Compliance only — Investment in commercial papers issued by entities engaged in agricultural production, processing, storage, marketing or exportation of agricultural products. (Subsection X341.5(b), Manual of Regulations for Banks)

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It is, however, understood that excess compliance in the 10% agrarian reform credit may be used to offset deficiency, if any, in the 15% agricultural credit in general, but not vice-versa.

Please be guided accordingly.

Adopted: 22 June 2000

(SGD.) ALBERTO V. REYES
Deputy Governor

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