NATIONAL ADMINISTRATIVE REGISTER · JULY 15, 1996

IMPLEMENTING GUIDELINES ON COMMITTED CREDIT LINES AS COMPLIANCE TO THE MANDATORY ALLOCATION PROVISION OF R.A. 697

BSP CIRCULAR LETTER, July 15, 1996

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Attached for your information and guidance, is a copy of Resolution No. 1 dated June 6, 1996, of the Small and Medium Enterprise Development (SMED) Council, on the implementing guidelines on committed credit lines as compliance to the mandatory allocation provision of R.A. 6977, otherwise known as the Magna Carta for Small and Medium Enterprises.

Adopted: 15 July 1996

(SGD.) ALBERTO V. REYES
Deputy Governor

Attachment:

SMED Council Resolution No. 1 s, 1996

IMPLEMENTING GUIDELINES ON COMMITTED CREDIT LINES AS COMPLIANCE TO THE MANDATORY ALLOCATION PROVISION OF R.A. 6977

WHEREAS, Republic Act 6977, otherwise known as "Magna Carta for Small and Medium Enterprises", mandates the Small and Medium Enterprise Development (SMED) Council to promulgate implementing guidelines, programs, and operating principles as may be deemed proper and necessary;

WHEREAS, under Section 13 of the Magna Carta for Small Enterprises, all lending institutions are mandated to set aside a portion of their total loan portfolio and make it available for small enterprise credit;

WHEREAS, SMED Council Resolution No. 11, series of 1995, unavailed but committed credit lines shall be deemed compliance to the mandatory allocation provision of R.A. 6977;

WHEREAS, an Ad Hoc Committee was created by the Policy and Research Committee of the SMED Council to draft Implementing Guidelines on committed credit lines to put in safeguards that would prevent the abuse of the provision.

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved for committee credit lines to be allowed as alternative compliance option for the mandatory allocation provision of R.A. 6977, Implementing Guidelines are as follows:

1. The credit line evidenced/supported by a credit line agreement or its equivalent executed between and signed by the bank and borrower;

2. The credit line is granted in favor of an eligible small enterprise as defined by CB Circular 1288 as amended;

3. Only the unavailed portion of the committed credit line shall be reported as compliance to avoid double

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counting.

Approved: 06 June 1996.

(SGD.) MA. RINA C. YONZON
Head, SMED Council Secretariat

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