

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 125

DIRECTING ALL GOVERNMENT FINANCIAL INSTITUTIONS TO OBSERVE AND IMPLEMENT SECTION TEN OF THE INVESTMENT INCENTIVES ACT AND CREATING A COORDINATING COMMITTEE IN FURTHERANCE THEREOF.

1. All government financial institutions now engaged or hereafter to be engaged in financing or investment operations are hereby directed to observe and implement Section 10 of Republic Act 5186, otherwise known as the Investment Incentives Act, to wit:

"Sec. 10. Preference in Grant of Government Loans. -- Government financial institutions such as the Development Bank of the Philippines, Philippine National Bank, Government Service Insurance System, Social Security System, Land Bank, and such other government institutions as are now engaged or may hereafter engage in financing or investment operations shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, accord high priority to applications for financial assistance submitted by pioneer and other registered enterprises, whether such financial assistance be in the form of equity participation in preferred, common, or preferred convertible shares of stock, or in loans and guarantees, and shall facilitate the processing thereof and the release of the funds therefor. However, no financial assistance shall be extended under this section to any investor or enterprise that is not a Philippine National.

"The above-mentioned financial institutions, to the extent allowed by their respective charters or applicable laws, shall contribute to the capital of a registered enterprise whenever the said contribution would enable the formation of a pioneer or other registered enterprise with at least sixty per cent control by Philippine Nationals: Provided, That the capital contribution of the said financial



institutions shall be limited to the amount that cannot be contributed by private Filipino investors, and shall in no case exceed thirty per cent of the total capitalization of the pioneer or other registered enterprises. The shares representing the contribution of the said financial institutions shall be offered for public sale to Philippine Nationals through all the members of a registered Philippine stock exchange.

"To facilitate the implementation of the provisions of this Section, all the said financial institutions shall coordinate their financial assistance programs with each other, exchange relevant information about applicants and applications, and submit a monthly report to the Board showing the amount of funds available for financial assistance to pioneer or other registered enterprises. The Board shall recommend to the Board of Directors of each such financial institution what order of priority shall be given the applications of pioneer and other registered enterprises, or of applicants that propose to seek registration as such."

2. In line with the foregoing, a Coordinating Committee is hereby created which shall be headed by a Governor of the Board of Investments to be designated by the Chairman thereof, and whose members shall be the representatives of the Development Bank of the Philippines, Philippine National Bank, Government Service Insurance System, Social Security System, Land Bank, Philippine Veterans Bank and other government financial institutions. Every such representative shall be designated by the Board Chairman or President of the government financial institution concerned from among its ranking executive officers above the level of department head.

3. The Committee herein created shall hold regular weekly meetings and such special meetings as may be necessary to -

(a) Draft a synchronized program for granting financial assistance to enterprises registered or applying for registration under the Investment Incentives Act, formulate necessary rules for the implementation thereof, and submit said program and rules to the governing boards of government financial institutions for their adoption;



(b) Serve as a forum for the exchange of relevant information particularly about applicants, applications for financial assistance, and funds available therefor; and

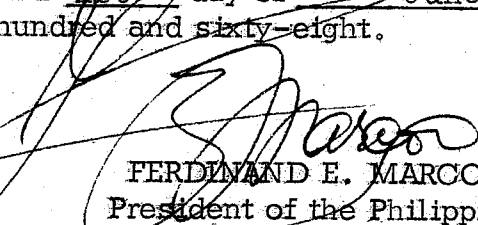
(c) Devise ways and means to expedite the processing and approval of the above applications.

4. The prescribed report indicating the amount of funds available for assistance to enterprises registered or applying for registration under the Investment Incentives Act shall be submitted by each government financial institution to the Board of Investments within the first ten (10) days of every month, and a copy thereof shall be sent to the President.

5. The order of priority determined by the Board of Investments for the grant of financial assistance to qualified enterprises shall be observed by government financial institutions unless there be cogent reasons requiring its non-observance, in which case written advice of such action and the reasons therefor shall be given to the Board of Investments by the government financial institution concerned, and a copy thereof shall be sent to the Office of the President.

6. Each of the government financial institutions mentioned above shall submit to the President within the months of January and July of every year semi-annual reports on: (a) the financial assistance extended by it to enterprises registered or seeking registration under the Investment Incentives Act, specifying the kinds thereof and amounts actually released; and (b) the status or condition of the loan accounts of said enterprises. The Board of Investments shall be furnished with a copy of every such report.

Done in the City of Manila this 1st day of June  
in the year of Our Lord, nineteen hundred and sixty-eight.

  
FERDINAND E. MARCOS  
President of the Philippines

By the President:

  
RAFAEL M. SALAS  
Executive Secretary