[PRESIDENTIAL DECREE NO. 2000, November 26, 1985]

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

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;
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> (b) To provide forward exchange protection to corporations that wish to avail themselves of such cover; and
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> (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:

a. 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;
b. 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;
c. To obtain or arrange for borrowings from domestic or foreign sources as may be necessary and whenever warranted;
d. To buy, sell and deal in foreign exchange;
e. To make contracts;
f. To lease or own real and personal property and to sell, mortgage or otherwise dispose of the same;
g. To sue and be sued;
h. To adopt, alter, and use a corporate seal;
i. To invest funds not needed in its operations; and
j. 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.