

[PRESIDENTIAL DECREE NO. 1454, June 11, 1978]

AMENDING SECTION 5 OF REPUBLIC ACT NUMBERED FIVE THOUSAND NINE HUNDRED EIGHTY, OTHERWISE KNOWN AS THE "FINANCING COMPANY ACT"

WHEREAS, the limitations on the purchase discount rates of finance companies on transactions involving the assignment of credit or the purchase of installment papers, accounts receivable and other evidences of indebtedness, are fixed by law under Section 5 of the Financing Company Act;

WHEREAS, there is a need to adopt a more flexible policy on the purchase discounts, fees, and other charges of financing companies that would be more responsive to the requirement of changing economic and social conditions;

WHEREAS, it is desirable and necessary that the Central Bank of the Philippines, as the government agency charged with the responsibility of fostering monetary, credit and exchange condition conducive to a balanced and sustainable growth of the economy, be vested with the power to regulate change or modify, in coordination with the Securities and Exchange Commission, the purchase discount rates, fees and other charges of finance companies in the same manner that it has legal authority to regulate the interest rate and other charges that may be collected by banks and other financial intermediaries;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the amendment of Republic Act No. 5980, as follows:

SECTION 1. Section 5 of Republic Act No. 5980 is hereby amended to read as follows:

"SEC. 5. *Limitation on purchase discount fees, service and other charges.—*

"The Monetary Board of the Central Bank of the Philippines is hereby empowered to prescribe, in consultation with the Securities and Exchange Commission, the maximum rate or rates of purchase discounts, fees, service and other charges of financing companies, and to change such rate(s) whenever warranted by prevailing economic and social conditions.

"In the case of assignment of credit or the buying of installment papers, accounts receivable and other evidences of indebtedness by financing companies, the purchase discount, exclusive of interest and other charges, shall be limited to fourteen per cent (14%), or such percentage as may be prescribed by the Monetary Board, of the value of the credit assigned or the value of the installment papers, accounts receivable and other evidences of indebtedness purchased based on a period of twelve months or less, and to one and one-sixth per cent (1-1/6%), or such percentage as may be prescribed by the Monetary Board, for each additional month or fraction thereof in excess of twelve months, regardless of the terms and conditions of the assignment or purchase.