

# [ **PRESIDENTIAL DECREE NO. 678, April 02, 1975** ]

## **AMENDING SECTION 2 OF COMMONWEALTH ACT NO. 83, AS AMENDED OTHERWISE KNOWN AS THE SECURITIES ACT.**

**WHEREAS**, commercial papers such as promissory notes, repurchase agreements, certificates of participation or assignment, commercial drafts, acceptances and similar instruments issued by persons, firms, or entities to obtain working capital in short-range maturities are not covered by the present registration requirement of the Securities and Exchange Commission;

**WHEREAS**, the credit risk varies among this class of papers depending upon the financial standing of the particular issuer and the purchasing investors having no means for extensive credit investigation primarily base their credit reliance upon the reputation of the commercial paper dealer;

**WHEREAS**, the investing public must be given adequate and effective protection in availing the credit of the borrower in the commercial paper market by having the public evaluation of the worthiness of the paper and the capability of the issuer through the registration and or licensing of the debt instrument, the registration of the issuer/dealer and the regulation of the transaction.

**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 that:

**SECTION 1.** Section 2(a) of Commonwealth Act No. 83, as amended, is hereby amended by inserting additional terms under the definition of "Securities" to read as follows:

"Commercial papers evidencing indebtedness of any person, financial or non-financial entity, irrespective of maturity, issued, endorsed, sold, transferred or in any manner conveyed to another, with or without recourse, such as promissory notes, repurchase agreements, certificates of assignments, certificates of participations, trust certificates or similar instruments."

**SEC. 2.** Section 4 of Commonwealth Act No. 83, as amended, is hereby amended by inserting an additional paragraph thereto, which shall read as follows:

"Notwithstanding the provisions of the preceding paragraph regarding exemptions, and any other provision of this Act or other existing laws, commercial papers as defined in Section 1 hereof shall be registered in accordance with the rules and regulations that shall be promulgated by the Securities and Exchange Commission, after approval by the Monetary Board which shall also have the power of suspension in the enforcement of these provisions, it being understood that such rules may provide for opened registration provided certain limits be made in the public interest and for the protection of investors. The rules may also provide exemptions from registration of inter-bank call loans under such guidelines as may be necessary in the interest of the public."