

[EXECUTIVE ORDER NO. 698, June 25, 1981]

WHEREAS, the Central Bank of the Philippines is mandated by the Constitution to provide policy direction in the areas of money, banking and credit;

WHEREAS, the Central Bank is enjoined by its Charter to use the credit accommodations which it is authorized to extend to banking institutions, to regulate the volume, costs, availability and character of bank credit and to provide the banking system with liquid funds in times of need;

WHEREAS, certain executive issuances have fixed the ceilings, loan values and rediscount rates of the Central Bank for preferential rediscounting and the lending rates that may be charged by banks on paper rediscounted with the Central Bank;

WHEREAS, the fixing of said ceilings loan values and rate has hampered interest rate reforms and monetary management;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The ceilings, loan values and rediscount rates of the Central Bank for preferential rediscounting and the lending rates that may be charged by banks on paper rediscounted with the Central Bank, which are prescribed or fixed in Letters of Instructions and other executive issuances shall be directory and such ceilings, loan values and rates may be modified by the Monetary Board whenever warranted by prevailing economic conditions, in accordance with the provisions of its Charter.

SEC. 2. All issuances, and regulations inconsistent herewith are hereby repealed or modified accordingly.

SEC. 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and eighty-one.

(SGD.) **FERDINAND E. MARCOS**
President of the Philippines

By the President:

(SGD.) **JOAQUIN T. VENUS, JR.**
Deputy Presidential Executive Assistant
