

[BSP CIRCULAR NO. 186, January 26, 1999]

**SECURED LOANS TO DIRECTORS, OFFICERS, STOCKHOLDERS
AND THEIR RELATED INTERESTS (DOSRI) OF BANKS AND NON-
BANKS PERFORMING QUASI-BANKING FUNCTIONS**

Pursuant to Monetary Board Resolution Nos. 1666 and 1802 dated December 2 and 29, 1998, respectively, the provisions of the Manual of Regulations for Banks and Other Financial Intermediaries (Books I to IV) regarding secured loans to directors, officers, stockholders and their related interests (DOSRI) of banks and non-banks performing quasi-banking functions, are amended as follows:

SECTION 1. Subsection 1326.1.h (1) Book I is hereby amended to read as follows:

"h. Secured loan, borrowing, or credit accommodation shall refer to:

"(1) Any loan, discount, credit or advance or portion thereof referred to in Section 1327 which is secured by real estate mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks excluding Philippine branches of foreign banks; assignment of, or hold-out on, deposits or deposit substitutes maintained in the lending bank; cash margin deposits; or assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and "blue chip" stocks, except those issued by the lending entity, and subject to the following additional provisions: (a) the issuer corporation must be a listed corporation with a networth of at least P1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and (b) the loan value shall be equivalent to fifty percent (50%) of the market value of the stocks;"

SECTION 2. Subsection 2326.1.g(1) (Book II) is hereby amended to read as follows:

"g. Secured loan, borrowing, or credit accommodation shall refer to:

"(1) Any loan, discount, credit or advance or portion thereof, referred to in Section 2327 which is secured by real estate mortgage; chattel mortgage on tangible assets; standby letters of credit issued by foreign banks excluding Philippine branches of foreign banks; assignment of, or hold-out on, deposits or deposit substitutes maintained in the lending bank; cash margin deposits; or assignment or pledge of government securities or readily marketable bonds and other high-grade debt securities and "blue chip" stocks, except those issued by the lending entity, and subject to the following additional provisions: (a) the issuer corporation must be a listed corporation with a networth of at least P1 billion and with a record of at least 5 consecutive years earnings reckoned from the immediately preceding 5 years; and (b) the loan value