

286 FACILITY TO COMMITTED CREDIT LINE ISSUERS

The following guidelines shall govern the grant by the Bangko Sentral of special credit accommodations to banks which establish committed credit line in favor of corporations proposing to issue commercial paper.

Nature of special credit accommodations. The Bangko Sentral may extend a loan to any bank which on its own or as a member of a group of banks, provides a committed credit line facility to a corporation proposing to issue commercial paper.

Conditions to access. A bank applying for a loan pursuant to the provisions of this Section shall submit to the Bangko Sentral documents showing that it has extended a committed credit line to a commercial paper issuer and that such issuer has availed itself of said credit line.

Terms of credit

- a. *Interest rate.* The rate of interest chargeable on the availment of this credit facility shall be that which is equivalent to eighty percent (80%) of the total of interest and fees received by the bank from the issuer, net of provision for gross receipts tax paid by the bank on such income.
- b. *Security.* The promissory note executed by the commercial paper issuer in favor of the bank for the amount drawn against the committed credit line shall be the security for this credit facility.
- c. *Loan values.* The loan value of paper offered as collateral shall be eighty percent (80%) of the amount still due and outstanding on the paper offered as collateral.
- d. *Repayment period.* The term of the credit accommodation may not exceed ninety (90) days and shall be non-renewable.

Ceiling. If availment of this credit facility is outside the other rediscount ceiling of the bank, it shall be limited to the extent of fifteen percent (15%) of the net worth of the bank.

(Circular No. 1008 dated 14 June 2018)