

OFFICE OF THE PRESIDENT  
MALACAÑANG  
MANILA

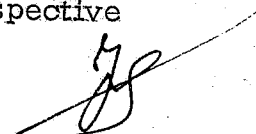
BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 124

DIRECTING THE GOVERNMENT SERVICE INSURANCE SYSTEM  
AND THE SOCIAL SECURITY SYSTEM TO OBSERVE AND  
IMPLEMENT THE PROVISIONS OF SECTION TWELVE OF  
THE INVESTMENT INCENTIVES ACT.

1. The Government Service Insurance System (GSIS) and the Social Security System (SSS) are hereby directed to observe and implement Section 12 of Republic Act 5186, otherwise known as the Investment Incentives Act, to wit:

Sec. 12. Loans for Investment. -- The Government Service Insurance System and the Social Security System shall extend to their respective members five-year loans at a rate of interest not to exceed six per cent per annum for the purchase of shares of stock in any registered enterprise; Provided, That (1) the shares so purchased shall be deposited in escrow with the lending institution for the full five-year term of the loan; partial releases of the shares shall, however, be allowed to the extent of the payment of amortization made therefor; (2) such loans shall be amortized in sixty equal monthly installments which shall be withheld by the employer from the monthly salary of the employee concerned and remitted to the lending institution by the employer; but any and all dividends earned by shares of stock while they are held in escrow shall be delivered to the employee; and (3) the maximum loan available to each employee in any one calendar year shall not exceed fifty per centum of the employee's annual gross income; Provided, further, That the total investment of the government financial institution concerned, consisting of its direct investment in the registered enterprise and the loans it has extended to its respective



members which have been invested by the members in a registered enterprise, shall not be more than forty-nine per cent (49%) of the total capitalization of the registered enterprise in which the investments have been made.

2. In line with the foregoing, the GSIS and SSS shall:

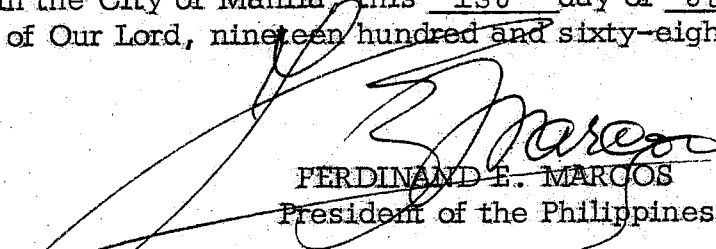
(a) Immediately promulgate necessary rules and regulations for the grant of five-year loans to their members;

(b) Set aside annually or semi-annually the funds available for the above purpose and give written advice thereof to the Office of the President and the Board of Investments;

(c) Give written notice to their members of the availability of such loans; and

(d) Submit to the President within the months of January and July of every year semi-annual reports on loans granted for the above-purpose, and furnish a copy thereof to the Board of Investments.

Done in the City of Manila, this 1st day of June  
in the year of Our Lord, ~~nineteen hundred and~~ sixty-eight.



FERDINAND E. MARCOS  
President of the Philippines

By the President:



RAFAEL M. SALAS  
Executive Secretary