

[BOC CIRCULAR NO. 136, July 31, 1997]

LIQUIDITY RESERVES FOR ALL FINANCIAL INTERMEDIARIES

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Pursuant to Monetary Board Resolution No. 962 dated 30 July 1997, amending the ratio of liquidity reserves for all financial intermediaries, Circular No. 119 dated 31 December 1996 and Books I, II, III and IV of the Manual of Regulations are hereby amended as follows:

Books I, II, III and IV Liquidity Reserves for all Financial Intermediaries

SECTION 1. Section 11 of Circular No. 119 dated 13 December 1996 is amended to read as follows:

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"Section 11. On top of the regular reserve requirements, an additional four percentage point required reserve against deposit liabilities and deposit substitute liabilities of banks and NBQBs shall continue to be imposed which may be maintained in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department, pursuant to Circular No. 10, dated 29 December 1993. The balance shall be in the same forms and composition as provided in Sections 1254, 2254, 3254, 1283, 2283.1, 3283, and 4283Q of Books I, II, III and IV, respectively, of the Manual of Regulations for Banks and Other Financial Intermediaries."

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Interest Income on Reserve Deposits

SECTION 2. Section 12 of Circular No. 119 dated 31 December 1996 is amended to read as follows:

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"Section 12. Subsecs. 1254.3, 2254.3 and 3254.2 of Books I, II, and III of the Manual of Regulations are amended to read as follows:

"Deposits maintained by banks with the BSP up to twenty-five percent (25%) of the reserve requirement (excluding the four percent 4%) of the combined deposit and deposit substitute liabilities of banks allowed to be maintained in the form of short-term market yielding government securities purchased directly from the BSP-Treasury Department) shall be paid interest at four percent (4%) per annum based on the average daily balance of said deposits to be credited quarterly."

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SECTION 3. Section 13 of Circular No. 119 dated 31 December 1996 is amended to read as follows: