

[BSP MEMORANDUM, October 25, 2004]

GUIDELINES TO BE OBSERVED IN CALCULATING AND REPORTING TO THE BANGKO SENTRAL NG PILIPINAS THE REQUIRED RESERVES ON DEPOSIT SUBSTITUTES EVIDENCED BY REPURCHASE AGREEMENTS (REPOS) COVERING GOVERNMENT SECURITIES

To implement the provisions of Circular 444 dated 18 August 2004 under Monetary Board Resolution No. 914 and 1713 dated 26 June 2003 and 20 November 2003, respectively, the following guidelines shall be observed in calculating and reporting to the Bangko Sentral ng Pilipinas the required reserves on deposit substitutes evidenced by repurchase agreements (repos) covering government securities:

1. The Supervisory Data Center (SDC) shall determine the maximum allowable amount of repos covering government securities that will qualify for the reduced statutory reserve requirements of 2 percent. It shall be based on the amount reported by banks in their weekly Consolidated Daily Report of Condition. The adjusted Tier 1 capital reported daily should approximate the quarterly adjusted Tier 1 capital as submitted by banks in compliance with the provisions of Circular No. 280 dated 29 March 2001 as amended by Circular No. 360 dated 3 December 2003.
2. Any material differences that may be noted by the SDC between the daily and the quarterly report shall be considered as erroneous reporting and shall be subject to the penalties under existing regulations. The SDC shall also make a re-run of its computation of the bank's reserve deficiency/ies, the corresponding penalties on reserve deficiencies shall also apply.
3. The lagged system in measurement of a bank's reserve requirement, as provided in Circular No. 254 dated 31 July 2000, shall also be adopted in the calculation of the two percent statutory reserve requirements for repos covering government securities.
4. Deposit substitutes evidenced by repurchase agreements covering government securities in excess of the adjusted Tier 1 capital shall be treated as regular deposit substitutes and shall be subject to the regular statutory and liquidity reserve requirements under existing regulations.
5. For the purpose of implementing Circular No. 444 dated 18 August 2004 and setting the BSP reportorial formats, attached is the revised pages of the Consolidated Daily Report of Condition (Annexes A for