

[BSP CIRCULAR NO. 140, August 27, 1997]

LIQUIDITY RESERVES FOR ALL FINANCIAL INTERMEDIARIES

Pursuant to Monetary Board Resolution No. 1093 dated 27 August 1997, amending the ratio of liquidity reserves for all financial intermediaries, except rural banks, Circular No. 119 dated 31 December 1996 and Books I, IE, and IV of the Manual of Regulations are hereby amended as follows:

Books I, II and IV Liquidity Reserves for All Financial Intermediaries

SECTION 1. Section 11 of Circular No. 119 dated 31 December 1996 is amended to read as follows:

"Section 11. On top of the regular reserve requirements, an additional eight percentage-point 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, provided that in the case of rural banks, the additional reserve shall be five percentage points. 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."

Interest Income on Reserve Deposits

SECTION 2. Subsecs. 1254.3 and 2254.3 of Books I and II of the Manual of Regulations are amended to read as follows:

"Deposits maintained by banks with the BSP up to twenty-five (25%) of the reserve requirements (excluding the eight percent (8% additional reserve) 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."

SECTION 3. The 2nd to the last paragraph of Subsec. 4283Q.1 of Book IV of the Manual of Regulations is hereby amended to read as follows:

Deposits maintained by non-bank financial intermediaries with quasi-banking functions (NBQBs) with the BSP up to twenty-five percent (25%) of the reserve requirement (excluding the eight percent (8% additional reserve) of the deposit substitute liabilities of NBQBs allowed to be maintained in the form of short-term