[BSP CIRCULAR NO. 141, September 04, 1997]

LIQUIDITY RESERVES FOR ALL FINANCIAL INTERMEDIARIES

Pursuant to Monetary Board Resolution No. 1131 dated 3 September 1997, reducing 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:

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, a liquidity reserve against peso demand, savings, time deposit and deposit substitute liabilities shall continue to be imposed, as follows:
>
> a. For expanded commercial banks, commercial banks and nonbank financial intermediaries with quasi-banking functions, (NBQBFs), **from eight (8) percentage points to seven (7) percentage points effective 12 September. 1997,. 2nd to sjx (6).percentage points effectively September 1997;**
>
> b. For thrift banks, **from eight (8) percentage points to seven (7) .percentage, paints effective5 September 1997, and to six (6) percentage points effective 12 September 1997: and to five (5) percentage points effective 19 September 1997.**
>
> c. For rural banks, **from five (5) percentage points to 0 effective 5 September 1997:**
>
> The liquidity reserve 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."

Interest Income on Reserve Deposits

SECTION 2. 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 (25%) of the reserve requirements **(excluding the liquidity reserve mentioned**