

RESERVE REQUIREMENTS ON DEPOSITS

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Pursuant to Monetary Board Resolution No. 1231 dated November 27, 1996, reducing the reserve requirement on all types of deposit and deposit substitute liabilities of expanded commercial banks, commercial banks and non-banks with quasi-banking (NBQBs) functions and certain types of deposit and deposit substitute liabilities of thrift banks and rural banks, Books I, II, III and IV of the Manual of Regulations are hereby amended as follows:

Book I — Expanded Commercial Banks and Commercial Banks

SECTION 1. Sections 1203, 1214, 1225, 1232, 1236 and 1253 of Book I of the Manual of Regulations are hereby amended by reducing the required reserves against demand and savings deposits, NOW accounts, time deposits and negotiable certificate of time deposits regardless of maturity of banks with expanded commercial banking authority, commercial banks, the Land Bank of the Philippines, the Development Bank of the Philippines and the Al-Amanah Islamic Investment Bank of the Philippines from fifteen percent (15%) to fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

SECTION 2. Section 1283 of Book I of the Manual of Regulations is hereby amended by reducing the required reserves against deposit substitute liabilities regardless of maturity from fifteen percent (15%) to fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

Book II — Thrift Banks

SECTION 3. Section 2203, Section 2225 and Section 2253 of Book II of the Manual of Regulations are hereby amended by reducing the required reserves against demand deposits and NOW accounts from fifteen percent (15%) to fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

SECTION 4. Section 2283 of Book II of the Manual of Regulations is hereby amended by reducing the required reserves against deposit substitute liabilities regardless of maturity from fifteen percent (15%) to fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

SECTION 5. Sections 2232, 2236, and 2253 of Book II of the Manual of Regulations are hereby amended by reducing the required reserves against time deposit and negotiable certificates of time deposits regardless of maturity from thirteen percent (13%) to twelve percent (12%) effective January 3, 1997, and to eleven percent (11%) effective July 4, 1997.

SECTION 6. Sections 2214 and 2253 of Book II of the Manual of Regulations are hereby amended by reducing the required reserves against savings deposits from thirteen percent (13%) to twelve percent (12%) effective January 3, 1997, and to eleven percent (11%) effective July 4, 1997.

Book III — Rural Banks

SECTION 7. Section 3203 and Section 3253 of Book III of the Manual of Regulations are hereby amended by reducing the required reserves against demand deposits from fifteen percent (15%) to fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

SECTION 8. Sections 3225, 3236, and Section 3253 of Book III of the Manual of Regulations are hereby amended by reducing the required reserves against NOW accounts from fifteen percent (15%) to fourteen (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

SECTION 9. Sections 3214 and 3232 of Book III of Manual of Regulations are hereby amended by reducing the required reserves against savings and time deposits regardless of maturity from seven percent (7%) to six percent (6%) effective January 3, 1997, and to five percent (5%) effective July 4, 1997.

Book IV — Non-Bank Financial Intermediaries

SECTION 10. The first paragraph of Section 4283Q of Book IV of the Manual of Regulations is hereby amended by reducing the required reserves against deposit substitute liabilities, regardless of maturity, from fifteen percent (15%) of fourteen percent (14%) effective January 3, 1997, and to thirteen percent (13%) effective July 4, 1997.

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

SECTION 11. On top of the regular reserve requirements, an additional two 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 December 29, 1993. The balance shall be in the same forms and composition as provided in Section 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 12. Subsecs. 1254.3, 2254.3 and 3254.2 of Books I, II and III of the Manual regulations are hereby amended to read as follows:

"Effective January 3, 1997, deposits maintained by banks with the BSP up to twenty-five percent (25%) of the reserve requirement (excluding the two percent (2%) 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 quarterly."

SECTION 13. The 2nd to the last paragraph of Subsec. 4283Q.1 of Book IV of the Manual Regulations is hereby amended to read as follows:

"Effective January 3, 1997, 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 two percent (2%) of the deposit substitute liabilities of NBQBs 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."

Adopted: 21 Dec. 1996

(SGD.) GABRIEL C. SINGSONG
Governor

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