

LIQUIDITY STANDARDS/RATIOS FOR DETERMINING FUNDS AVAILABLE FOR DIVIDEND DECLARATIONS

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The Monetary Board, in its Resolution No. 781 dated August 14, 1992, approved the adoption of liquidity standards/ratios for banks for purposes of determining funds available for dividend declaration, as follows:

1. The bank shall have sufficient (i) legal reserves for deposits and deposit substitutes; (ii) liquidity cover for government funds; and (iii) cover for its foreign currency deposits as of the time it seeks Central Bank approval of the declaration of dividend up to the payment date of the dividend; and
2. The bank shall not have incurred (i) net weekly deficiency in its required legal reserves for deposit and deposit substitutes; (ii) any deficiency in its liquidity floor for government funds; and (iii) any deficiency in the cover for foreign currency liabilities of its foreign currency deposit units; during the last two (2) months immediately preceding the date of request for approval of declaration of dividends up to dividend payment date.

It is understood that banks shall get prior Central Bank approval before declaring dividends and setting the record/paying date for such dividends.

This Circular shall take effect immediately.

Adopted: 11 Sept. 1992

(SGD.) JOSE L. CUISIA, JR.
Governor

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