

RESERVE REQUIREMENTS AGAINST PESO DEPOSITS AND DEPOSIT SUBSTITUTE LIABILITIES OF FINANCIAL INTERMEDIARIES

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In connection with the Memorandum to All Banks and Non-Bank Financial Intermediaries with Quasi Banking Functions dated November 10, 1995 on reserve requirements against peso deposits and deposit substitute liabilities of financial intermediaries, Sections II.A.2, II.B.2, II.C.2 and II.D.2 should read as follows:

II.A.2. Minimum required reserve deposit with BSP

A minimum proportion of 25% of the required reserve for each type of deposit is required in the form of balances with BSP. (Not more than 2% of the combined deposit liabilities and deposit substitutes of banks/NBQBs may be maintained in the form of market yielding government securities purchased directly from BSP which is allowed under Circular 10.)

Total reserve requirements

P34,000

Less: 2% short-term GS purchased from BSP

4,000

Net reserve requirement

30,000

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Deposit with BSP-25% of P30,000

P7,500

(Note: Actual deposit with BSP may be more than P7,500 or the 25 % minimum requirement; however, less than 25% will result in reserve deficiency).

If the 2% reserve in the form of market yielding government securities is not maintained, the 25% minimum deposit with BSP shall be based on the gross required reserves, as follows:

Deposit with BSP-25% of P34,000 P8,500

II.B.2. Minimum required reserve deposit with BSP

A minimum proportion of 25% of the required reserve for each type of deposit is required in the form of balances with BSP.) Not more than 2% of the combined deposit liabilities and deposit substitutes of banks/NBQBs may be maintained in the form of market yielding government securities purchased directly from BSP which is allowed under Circular 10.)

Total reserve requirements

P16,000

Less: 2% short-term GS purchased from BSP

2,000

Net reserve requirement

14,000

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Deposit with BSP-25% of P14,000

P3,500

(Note: Actual deposit with BSP may be more than P3,500 or the 25 % minimum requirement; however, less than 25% will result in reserve deficiency).

If the 2% reserve in the form of market yielding government securities is not maintained, the 25% minimum deposit with BSP shall be based on the gross required reserves, as follows:

Deposit with BSP-25% of P16,000 P4,000

II.C.2. Minimum required reserve deposit with BSP

A minimum proportion of 25% of the required reserve for each type of deposit is required in the form of balances with BSP. (Not more than 2% of the combined deposit liabilities and deposit substitutes of banks/NBQBs may be maintained in the form of market yielding government securities purchased directly from BSP which is allowed under Circular 10.)

Total reserve requirements

P8,750

Less: 2% short-term GS purchased from BSP

1,500

Net reserve requirement

7,250

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Deposit with BSP-25% of P7,250

P1,812.50

(Note: Actual deposit with BSP may be more than P1,812.50 or the 25 % minimum requirement; however, less than 25% will result in reserve deficiency).

If the 2% reserve in the form of market yielding government securities is not maintained, the 25% minimum deposit with BSP shall be based on the gross required reserves, as follows:

Deposit with BSP-25% of P8,750 P2,187.50

II.D.2. Minimum required reserve deposit with BSP

A minimum proportion of 10% of the required reserve for each type of deposit is required in the form of balances with BSP. (Not more than 2% of the combined deposit liabilities and deposit substitutes of banks/NBQBs may be maintained in the form of market yielding government securities purchased directly from BSP which is allowed under Circular 10.)

Total reserve requirements

P34,000

Less: 2% short-term GS purchased from BSP

4,000

Net reserve requirement

30,000

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Deposit with BSP-10% of P30,000

P3,000

(Note: Actual deposit with BSP may be more than P3,000 or the 25 % minimum requirement; however, less than 25% will result in reserve deficiency).

If the 2% reserve in the form of market yielding government securities is not maintained, the 10% minimum deposit with BSP shall be based on the gross required reserves, as follows:

Deposit with BSP-10% of P34,000 P3,400

Please be guided accordingly.

Adopted: 12 Feb. 1996

(SGD.) ALBERTO V. REYES

Deputy Governor

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