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AMENDMENTS TO BOOKS I, II, III AND IV OF THE MANUAL OF REGULATIONS ON RESERVE REQUIREMENTS

BSP CIRCULAR NO. 73, May 15, 1995

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Pursuant to Monetary Board Resolution No. 427 dated April 26, 1995, reducing the reserve requirement on all types of deposits and deposit substitutes of commercial banks and non-banks with quasi-banking (NBQBs) functions and certain types of deposits and deposit substitutes of thrift banks and rural banks effective May 31, 1995, Books I, II, III and IV of the Manual of Regulations are hereby amended as follows:

Book I
Commercial Banks

SECTION 1. Section 1203, Section 1214, Section 1225, Section 1232, Section 1236 and Section 1253 of Book I of the Manual of Regulations are hereby amended by reducing the required reserves against demand and savings deposits, NOW accounts, and time deposits regardless of maturities of banks with expanded commercial banking authority, commercial banks, the Land Bank of the Philippines and the Philippine Amanah Bank from seventeen percent (17%) to fifteen percent (15%).

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 maturities from seventeen percent (17%) to fifteen percent (15%).

Book II
Thrift Banks
(including the Development Bank of the Philippines)

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 seventeen percent (17%) to fifteen percent (15%).

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 maturities from seventeen percent (17%) to fifteen percent (15%).

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 deposits and negotiable certificates of time deposits from fourteen percent (14%) to thirteen percent (13%).

SECTION 6. Section 2214 and 2253 of Book II of the Manual of Regulations is hereby amended by reducing the required reserves against savings from fourteen percent (14%) to thirteen percent (13%).

Book III
Rural Banks

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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 seventeen percent (17%) to fifteen percent (15%).

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 seventeen percent (17%) to fifteen percent (15%).

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 from nine percent (9%) to seven percent (7%).

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 the deposit substitute liabilities, regardless of maturities, from seventeen percent (17%) to fifteen percent (15%).

SECTION 11. On top of the 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, pursuant to Circular No. 10, dated December 29, 1993. The balance shall be in the same forms and composition as provided in Sections 1254, 2254, 3254, 1283, 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 of Regulations are hereby amended to read as follows:

> "Deposits maintained by banks with the BSP up to forty percent (40%) of their reserve requirement (less 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) shall be paid interest at four percent (4%) per annum based on the average daily balance of said deposits to be credited quarterly."

SECTION 13. 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 forty percent (40%) of their reserve requirement (less 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) shall be paid interest at four percent (4%) per annum based on the average daily balance of said deposits to be credited quarterly."

Adopted: 15 May 1995

(SGD.) GABRIEL C. SINGSON
Governor

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