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RESERVE REQUIREMENT ON ALL TYPES OF PESO DEPOSITS AND DEPOSIT SUBSTITUTE LIABILITIES

BSP CIRCULAR NO. 180, October 01, 1998

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Pursuant to Monetary Board Resolution No. 65 dated September 28, 1998, raising the reserve requirement on all types of peso deposits and deposit substitute liabilities of expanded commercial banks, commercial banks and non-banks with quasi-banking functions (NBQBs) and certain types of deposit and deposit substitute liabilities of thrift banks, Books I, II, III and IV of the Manual of Regulations for Banks and Other Financial Intermediaries 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 raising 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 eight percent (8%) to ten percent (10%).

SECTION 2. Section 1283 of Book I of the Manual of Regulations is hereby amended by raising the required reserves against deposit substitute liabilities regardless of maturity from eight percent (8%) to ten percent (10%).

Book II — Thrift Banks

SECTION 3. Sections 2203, 2225 and 2253 of Book II of the Manual of Regulations are hereby amended by raising the required reserves against demand deposits and NOW accounts from eight percent (8%) to nine percent (9%).

SECTION 4. Section 2283 of Book II of the Manual of Regulations is hereby amended by raising the required reserves against deposit substitute liabilities regardless of maturity from eight percent (8%) to nine percent (9%).

SECTION 5. Sections 2232, 2236, and 2253 of Book II of the Manual of Regulations are hereby amended by raising the required reserves against time deposits and negotiable certificates of time deposits regardless of maturity from six percent (6%) to seven percent.

SECTION 6. Sections 2214 and 2253 of Book II of the Manual of Regulations are hereby amended by raising the required reserves against savings deposits from six percent (6%) to seven percent (7%).

Book IV — Non-Bank Financial Intermediaries

SECTION 7. The first paragraph of Section 4283Q of Book IV of the Manual of Regulations is hereby amended by raising the required reserves against deposit substitute liabilities, regardless of maturity, from eight percent (8%) to ten percent (10%).

Interest on Reserve Deposits

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SECTION 8. Subsecs. 1254.3 and 2254.3 of Books I and II of the Manual of Regulations are amended to read as follows:

> "Deposits maintained by banks with the BSP up to forty percent (40%) of the reserve requirement (excluding the liquidity reserve mentioned in Section 11 of Circular No. 166 dated 28 May 1998) against 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 4.5% per annum based on the average daily balance of said deposits to be credited quarterly."

SECTION 9. Subsec. 3254.2 of Book III of the Manual of Regulations is hereby amended to read as follows:

> "Deposits maintained by rural banks with the BSP up to forty percent (40%) of the reserve requirement (excluding the liquidity reserve mentioned in Section 11 of Circular No. 166 dated 28 May 1998) against the combined deposit and deposit substitute liabilities of rural banks allowed to be maintained in the form of short-term market yielding government securities purchased directly from the BSP-Treasury Department) shall be maintained at 4.0% per annum based on the average daily balance of said deposits to be credited quarterly."

SECTION 10. The second to the last paragraph of Subsec. 4283Q.1 of Book IV of the Manual of Regulations is 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 the reserve requirement (excluding the liquidity reserve mentioned in Section 11 of Circular No. 166 dated 28 May 1998) against 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 4.5% per annum based on the average daily balance of said deposits to be credited quarterly."

This Circular shall take effect on October 2, 1998.

Adopted: 1 Oct. 1998

(SGD.) EDGARDO P. ZIALCITA
Officer-in-Charge

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