INVESTMENT BY BANKS IN THEIR REGION

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The Monetary Board, in its Resolution No. 7 dated January 5, 1990, approved the following amendments to Books I and II of the Manual of Regulations for Banks and Other Financial Intermediaries, as follows:

SECTION 1. The provisions of Subsection 1393.1 (Book I) are hereby amended to read as follows:

> "1393.1 Statement of policy. At least seventy-five percent (75%) of the total deposits, net of required reserves against deposit liabilities and total amount of cash in vault, accumulated by branches, agencies, extension offices, units and/or head offices of commercial banks, expanded commercial banks, and specialized government banks, in a particular regional grouping outside the national capital region, shall be invested therein as a means to develop that region.
>
> "For purposes hereof, deposits shall include 'Time Certificates of Deposits — Special Financing', but shall exclude (a) government deposits subject to 75% liquidity floor requirement, (b) FCDU deposits, and (c) deposits of banks maintained for clearing purposes in areas where there are no Central Bank clearing units; while ' loans' shall exclude FCDU loans."

SECTION 2. The second paragraph of Subsection 1393.8 (Book I) is hereby amended to read as follows:

> "All banks are given an additional eighteen (18) months from December 31, 1989 within which to comply with the prescribed ratio under the following schedule:
>
> Minimum Ratio Target Date
>
> 25.0% March 31, 1990
>
> 50.0% June 30, 1990
>
> 62.5%
>
> December 31, 1990
>
> 75.0% June 30, 1991
>
> "It is understood that compliance with the regulation shall mean compliance with the ratios in all of the three (3) regions into which the country has been divided."

SECTION 3. The provisions of Subsection 2393.1 (Book II) are hereby amended to read as follows:

> "2393.1 Statement of policy. At least seventy-five percent (75%) of the total deposits, net of required reserves against deposit liabilities and total amount of cash in vault, accumulated by branches, agencies, extension offices, units and/or head offices of thrift banks, in a particular regional grouping outside the national capital region, shall be invested therein as a means to develop that region.
>
> "For purposes hereof, 'deposits" shall include 'Time Certificates of Deposits — Special Financing', but shall exclude (a) government deposits subject to 75% liquidity floor requirement, (b) FCDU deposits, and (c) deposits of banks maintained for clearing purposes in areas where there are no Central Bank clearing units; while 'loans' shall exclude FCDU loans."

SECTION 4. The second paragraph of Subsection 2393. 8 (Book II) is hereby amended to read as follows:

> "All banks are given an additional eighteen (18) months from December 31, 1989 within which to comply with the prescribed ratio under the following schedule:
>
> Minimum ratio Target Date
>
> 25.0% March 31, 1990
>
> 50.0% June 30, 1990
>
> 62.5% December 31, 1990
>
> 75.0% June 30, 1991
>
> "It is understood that compliance with the regulation shall mean compliance with the ratios in all of the three (3) regions into which the country has been divided."

This Circular shall take effect immediately.

Adopted: 31 Jan. 1990

(SGD.) JOSE B. FERNANDEZ, JR.
Governor

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