



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2022-021

To : **All Concerned Banks**

Subject : **Extension of Temporary Measures Implemented in the *Bangko Sentral ng Pilipinas*' Rediscounting Facility**

The Monetary Board (MB), in its Resolution No. 405 dated 25 March 2022, approved the final extension of the temporary measures implemented in the *Bangko Sentral ng Pilipinas*' (BSP) rediscounting facility until 30 June 2022, as follows:

1. Reduction of the term spread on Peso rediscounting loans to zero, thereby equating the Peso rediscount rate to the BSP's Overnight Lending Rate, regardless of maturity (i.e., 1 to 180 days); and
2. Reduction of the term spread on rediscounting loans under the Exporters' Dollar and Yen Rediscount Facility (EDYRF), thereby reducing the applicable United States Dollar (USD) and Japanese Yen (JPY) rediscount rates to the 90-day London Interbank Offered Rates, or in their absence, an applicable benchmark rate, plus risk premium, regardless of maturity (i.e., 1 to 360 days).

The BSP observed that banks have more than adequate liquidity to meet their requirements given that there have been no availments of the rediscounting facility as of 25 March 2022. Given the improving domestic liquidity and credit conditions, the temporary measure on the acceptance for rediscounting with the BSP under the EDYRF of the USD- and JPY-denominated credit instruments related to enterprises allowed to operate during the enhanced community quarantine of Luzon, as provided in the Department of Trade and Industry Memorandum Circular No. 20-08, shall be effective until 31 March 2022 only.

As the BSP begins to observe indications of a durable economic recovery, we continue to carefully develop our plans for the eventual withdrawal of the extraordinary liquidity measures we deployed in response to the pandemic. The BSP will ensure that its policy instruments remain appropriately calibrated to ensure sustainable and non-inflationary economic growth, in keeping with our price and financial stability mandates.

For guidance.


BENJAMIN E. DIOKNO
Governor

34 March 2022