



Bangko Sentral ng Pilipinas
Maynila, Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 363

Series of 2002

The Monetary Board, in its Resolution No. 1699 dated 21 November 2002 as amended by Resolution No. 1768 dated 5 December 2002, approved the following policy changes in order to help promote the development of the small and medium enterprises:

- (1) to postpone the implementation of the market-based pricing mechanism for rediscount loans as provided for under Circular No. 354 dated 4 October 2002 for a period of one year from 4 October 2002 to 3 October 2003. During said period, the rediscount rate shall continue to be one (1) percentage point below the 91-day Treasury bill rate of the last auction week of the previous month. On 4 October 2003, the rediscount rate shall automatically revert to the market-based pricing mechanism provided for under Circular No. 354.
- (2) to reduce the regular reserve requirement to 6 percent for demand deposits, deposit substitutes, and NOW accounts of thrift banks, and for demand deposits and NOW accounts of rural/cooperative banks. The applicable regular reserve requirements for thrift banks and rural/cooperative banks effective 21 November 2002 are as follows:

Types of Accounts	TBs		RBs/Coop Banks	
	From	To	From	To
Demand Deposits	8%	6%	7%	6%
NOW Accounts	8%	6%	7%	6%
Deposit Substitutes	8%	6%	n. a.	n. a.
Savings Deposits	6%	6%	2%	2%
Time Deposits / Negotiable Certificates of Time Deposits / Long-Term Non-Negotiable Tax- Exempt Certificates of Time Deposits	6%	6%	2%	2%

The liquidity reserve requirement for deposit and deposit substitute liabilities of thrift banks shall be maintained at 2 percent.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

13 December 2002