



Bangko Sentral ng Pilipinas
OFFICE OF THE GOVERNOR

CIRCULAR NO. 551
Series of 2006

Pursuant to Monetary Board Resolution (MBR) No.130 dated 3 February 2005 and MBR No. 1295 dated 26 October 2006, the provisions of BSP Circular Nos. 196, 307, and 539 dated 12 April 1999, 12 November 2001, and 9 August 2006, respectively, are hereby amended as follows:

1. Section 6 of Circular No. 196 is hereby amended as follows:

"Section 6. Other Allowable Uses of ERAP Bonds – ERAP Bonds which are not being used as alternative compliance with PD No. 717 may be utilized, subject to existing regulations, for any of the following purposes:

- a. As liquidity reserves for deposits and deposit substitutes, under Circular No. 10 dated December 29, 1993, and for common trust funds and trust and other fiduciary accounts – others, Under Memorandum to All Banks and Other Financial Intermediaries Performing Trust, Other Fiduciary Business and Investment Management Activities; provided that only outstanding issues of ERAP bonds will qualify as eligible securities for liquidity reserves. Future issuances will no longer carry the liquidity reserve eligibility under this section.
- b. As liquidity floor for government deposits; or
- c. As security for the faithful performance of trust duties.

The requirements that securities used for Item "a" above shall have a term of not more than one (1) year and those used for Item "c" shall have a remaining maturity of not more than three (3) years, shall not apply.

2. A new section, Section 3, is added to Circular No. 307 as follows:

Section 3. Only the outstanding issues of PEACe bonds shall qualify as eligible securities for liquidity reserves. Future issuances will no longer carry the liquidity-reserve eligibility under this section.

PANANALAPING MATATAG, BANSANG PANATAG

3. Item No. 1, sentence no. 2, of Circular No. 539 is revised to read:

Only outstanding ERAP and PEACe bonds shall remain eligible as liquidity reserves pursuant to Circular No. 196 dated 12 April 1999 based on Executive Order No. 83 dated 25 December 1998 and Resolution No. 1545 dated 27 September 2001, respectively. Future issuances will no longer carry the liquidity reserve eligibility under this section.

This circular shall take effect immediately.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.
Governor

17 November 2006