



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR LETTER

TO : ALL BANKS

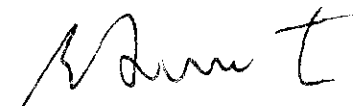
SUBJECT : Schemes to Assist in Easing Y2K-Related Liquidity Pressures

The Monetary Board approved the following schemes to assist in easing Y2K-related liquidity pressures in its Resolution No. 1483 dated October 15, 1999, as further clarified by its Resolution Nos. 1631 and 1685 dated November 11, 1999 and November 19, 1999, respectively:

- a. To temporarily release to the banks from December 17, 1999 to January 6, 2000 the 25 percent of statutory reserves normally required to be deposited with the BSP;
- b. To temporarily waive the penalties on non-compliance with the liquidity reserve requirement from December 17, 1999 to January 6, 2000;
- c. To temporarily lengthen the period of compliance with reserve position to three weeks starting December 17, 1999 and ending January 6, 2000; and
- d. To lower the reserve requirement on interbank loans from one percent to zero percent effective December 17, 1999, provided, however, that for prudential reasons, only interbank borrowings evidenced by the interbank loan advice or repayment transfer tickets and settled through the respective demand deposits of banks or non-banks with quasi-banking functions with the BSP should be eligible to the zero level of reserve requirement.

The three-week period under item (c) above shall be considered as a single week for purposes of determining "abuse" of the privilege of offsetting, as well as *chronic* reserve deficiency.

This Circular Letter shall take effect immediately.


RAFAEL B. BUENAVENTURA
Governor

December 16, 1999

ITAGUYOD ANG PHILIPPINES 2000



MAG-IMPOK SA BANGKO