



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1041

Series of 2019

Subject: Reduction in Reserve Requirements

In its Resolution Nos. 727.A dated 16 May 2019 and 753.A dated 23 May 2019, the Monetary Board approved the reduction in the reserve requirement ratios of selected reservable liabilities of banks and non-bank financial institutions with quasi-banking functions (NBQBs).

Section 1. Section 251 of the New Manual of Regulations for Banks (MORB) on required reserves against deposit and deposit substitute liabilities is hereby amended to read, as follows:

Section 251 ACCOUNTS SUBJECT TO RESERVES; AMOUNTS REQUIRED

The following rules and regulations shall govern the reserves against deposit and deposit substitute liabilities.

Required reserves against deposit and deposit substitute liabilities. The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks effective reserve week 31 May 2019 shall be as follows:

Reservable Liabilities	UBs/KBs	TBs	RBs/ Coop Banks
a. Demand Deposits	17% ¹	7% ²	4%
b. NOW accounts	17% ¹	7% ²	4%
c. Savings Deposits (excluding basic deposit accounts)	17% ¹	7% ²	3%
d. Time Deposits, Negotiable CTDs, Long-term Non-negotiable Tax Exempt CTDs	17% ¹	7% ²	3%
e. Long-term negotiable certificates of time deposits	4%	4%	4%
f. Deposit Substitutes (DS)	17% ¹	7% ²	NA
g. DS evidenced by repo agreement	0%	0%	NA
h. IBCL (Sec. 315)	0%	0%	0%
i. Bonds	6%	6%	NA
j. Mortgage/CHM cert.	NA	6%	NA
k. Peso deposits lodged under Due to foreign banks	17% ¹	NA	NA
l. Peso deposits lodged under Due to Head Office/Branches/Agencies Abroad (Philippine branch of a foreign bank)	17% ¹	NA	NA
m. Basic deposit accounts, as defined in Section X222 of the Manual of Regulations for Banks	0%	0%	0%

xxx

1/ This will be 16.5% effective 28 June 2019, and 16% effective 26 July 2019.

2/ This will be 6.5% effective 28 June 2019, and 6% effective 26 July 2019.

Section 2. Section 4253Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFi) on reserves against deposit substitute liabilities is hereby amended to read, as follows:

Sec. 4253Q (2008 - 4246Q) Reserves Against Deposit Substitutes. NBQBs shall maintain required reserves equivalent to seventeen percent (17%) of deposit substitute liabilities ^{1/} as defined in Section 95 of R.A. No. 7653, as amended by R.A. No. 11211, regardless of maturities except:

- (a) xxx;
- (b) xxx;
- (c) xxx; and
- (d) xxx

starting reserve week 31 May 2019.

xxx

^{1/} For the reserve week starting 28 June 2019, the reserve requirement of deposit substitutes shall be sixteen and one half percent (16.5%). For the reserve week starting 26 July 2019, the reserve requirement of deposit substitutes shall be sixteen percent (16%).

Section 3. This Circular shall take effect on 31 May 2019 after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


BENJAMIN E. DIOKNO
Governor

29 May 2019