[BSP CIRCULAR NO. 188, February 03, 1999]

REDUCING THE LIQUIDITY RESERVE REQUIREMENT

Pursuant to Monetary Board Resolution No. 116 dated 29 January 1999, reducing the liquidity reserve requirement on all types of peso deposits and deposit substitute liabilities of expanded commercial banks, commercial banks and non-bank financial intermediaries with quasi-banking functions (NBQBs) and certain types of deposit and deposit substitute liabilities of thrift banks and rural banks, Circular No. 166 dated 28 May 1998 and Books I, II, III and IV of the Manual of Regulations for Banks and Other Financial Intermediaries are hereby amended as follows:

Books I, II, III and IV
Liquidity Reserves for All Financial Intermediaries

Section 11 of Circular No. 166 dated 28 May 1998 is amended to read as follows:

"*SECTION 11.* On top of the regular reserve requirements, a liquidity reserve against peso demand, savings, time deposit and deposit substitute liabilities shall be maintained as follows:

a) For expanded commercial banks, commercial banks, and non-bank financial intermediaries with quasi-banking functions (NBQBs),	six percent (6%) effective1 February 1999, and five percent (5%) effective1 March 1999
b) For thrift banks	five percent (5%) effective1 February 1999, and four percent (4%) effective1 March 1999
c) For rural banks	
- against demand deposit liabilities	two percent (2%) effective1 February 1999, and one percent (1%) effective1 March 1999
-against savings/time deposits	to remain at zero (0%)

The required liquidity reserve may be maintained in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department, pursuant to Circular No. 10 dated 29 December 1993.