

[BSP CIRCULAR NO. 1242, June 20, 1990]

LEGAL RESERVE REQUIREMENTS

The Monetary Board, in its Resolution No. 383 dated April 20, 1990, approved the following amendments to Books I, II, III and IV of the Manual of Regulations for Banks and Other Financial Intermediaries:

SECTION 1. The second paragraph of Sec. 1291 (Book I), Sec. 2291 (Book II), Sec. 3291 (Book III) and Sec. 4291Q (Book IV), is hereby further amended to read as follows:

"Funds deposited for projects under the special financing program of the Government and/or international financial institutions shall also be subject to legal reserve requirements imposed on deposit substitutes except special time deposits (STDs) and deposit substitutes arising from the lending operations of the Industrial Guarantee and Loan Fund (IGLF), Agricultural Loan Fund (ALF), APEX Financing Program, and Industrial Investment Credit Project (IICP) funds. Borrowings of the participating financial institutions (PFIs) from the Development Bank of the Philippines arising from the lending operations of the APEX Financial Program and Industrial Investment Credit Project (IICP) funds shall be exempted from the reserve requirement on deposit substitutes: Provided, That the PFIs shall ensure that the benefits of the exemption from the reserve requirements are shared with the ultimate borrowers/users of these funds."

SECTION 2. The fourth paragraph of Sec. 1291 (Book I), Sec. 2291 (Book II), Sec. 3291 (Book III) and Sec. 4291Q (Book IV), is hereby amended to read as follows:

"As a general rule, there shall be no exemptions from this reserve requirement and any existing exemptions shall be eliminated except exemptions granted to special time deposits and deposit substitutes arising from the lending operations of the Agricultural Loan Fund (ALF), Industrial Guarantee and Loan Fund (IGLF), APEX Financial Program, and Industrial Investment Credit Project (IICP) funds, which shall be allowed to remain without prejudice to the renegotiations of the pertinent agreements."

This Circular shall take effect immediately.

Adopted: 20 June 1990

(SGD.) JOSE. L. CUISIA, JR.
Governor
