



BANGKO SENTRAL NG PILIPINAS
OFFICE OF THE GOVERNOR

CIRCULAR NO. 832
Series of 2014

Subject : Increase in Reserve Requirements

The Monetary Board, in its Resolution No. 703 dated 8 May 2014, approved the 1-percentage-point increase in the reserve requirements of universal/commercial banks (UBs/KBs), thrift banks (TBs), and non-bank financial institutions with quasi-banking functions (NBQBs). The required reserves for rural banks (RBs) and cooperative banks (Coop Banks), as well as for Long-term Negotiable Certificate of Time Deposits (LTNCTDs) across bank categories shall remain at current levels.

Section 1. The provisions of the Manual of Regulations for Banks (MORB) on reserves against deposit and deposit substitute liabilities are hereby amended to read, as follows:

“xxx

“Subsection X253.1 Required reserves against deposit and deposit substitute liabilities. The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks shall be as follows:

Account	UBs/KBs	TBs	RBs/Coop Banks
a. Demand Deposits	20	8	5
b. "NOW" Accounts	20	8	5
c. Savings Deposits	20	8	3
d. Time Deposits, Negotiable CTDs, Long-Term Non-Negotiable Tax Exempt CTDs	20	8	3
e. Long-term Negotiable Certificate of Time Deposits (LTNCTDs)			
1. LTNCTDs under Circular No. 304	4	4	4
2. LTNCTDs under Circular No. 824	7	7	7
f. Deposit substitutes (DS)	20	8	n.a
g. DS evidenced by repo agreements	4	4	n.a
h. IBCL (Sec. X343)	0	0	0
i. Bonds	6	6	n.a.
j. Mortgage/CHM Certificates	n.a.	6	n.a.
k. Peso deposits lodged under Due to foreign banks	20	n.a.	n.a.
l. Peso deposits lodged under Due to Head Office/Branches/Agencies Abroad (Philippine branch of a foreign bank)	20	n.a.	n.a.

"xxx

" Subsection X405.5 Reserves against peso-denominated common trust funds and trust and other fiduciary accounts – others

"a. *Reserves against peso-denominated CTFs. xxx*

The required reserves against peso-denominated CTFs and such other managed peso funds which partake of the nature of a collective investment of peso-denominated CTFs shall be as follows:

" UBs/KBs – 20%

" TBs – 9%

" RBs – 4%"

"b. *Reserves against TOFA - Others. xxx*

"The required reserves against TOFA - Others shall be as follows:

" UBs/KBs – 17%

" TBs – 9%

" RBs – 4%"

Section 2. The provisions of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on reserves are hereby amended to read, as follows:

"xxx

"Sec. 4253Q (2008 - 4246Q) Reserves Against Deposit Substitutes. NBQBs shall maintain required reserves equivalent to 20% of deposit substitute liabilities as defined in Section 95 of R.A. No. 7653, regardless of maturities except: (a) borrowings from the BSP through the sale of government securities under repo agreements made in connection with the provisions of Sec. 4601Q; (b) deposit substitutes arising from special financing programs of the Government and/or international FIs; (c) interbank call loan transactions under Sec. 4343Q; and (d) bonds under Sec. 4239Q for which the reserve requirement shall be six percent (6%).

"Provided, That deposit substitutes evidenced by repo agreements covering government securities up to the amount equivalent to the adjusted Tier 1 capital of the NBQB shall be subject to the reserve requirement of four percent (4%): Provided, further, That such rate shall apply only to repo agreements, the documentation of which conforms

with, and were delivered to a BSP accredited third party custodian as required under existing BSP regulations.”

“xxx

“ Subsection 4405Q.5 *Reserves against peso-denominated common trust funds and trust and Other Fiduciary Accounts (TOFA) – Others*

“ a. *Reserves against peso-denominated CTFs.* xxx

“ The reserves to be maintained shall be 20%.

“b. *Reserves against TOFA - Others.* xxx

“ The reserves to be maintained shall be 17%.”

This Circular shall take effect on the reserve week starting on 30 May 2014.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.
Governor

27 May 2014