



# BANGKO SENTRAL NG PILIPINAS

## OFFICE OF THE GOVERNOR

### CIRCULAR NO. 1004

Series of 2018

#### Subject: Reduction in Reserve Requirements

The Monetary Board, in its Resolution No. 471 dated 22 March 2018, approved the 100-basis-point reduction in the reserve requirement ratios of selected reservable liabilities of universal/commercial banks (UBs/KBs) and non-bank financial institutions with quasi-banking functions (NBQBs). As a result, the following provisions of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended.

**Section 1.** Subsections X253.1 and X405.5 of the MORB on reserves against deposit and deposit substitute liabilities shall now read, as follows:

“xxx

**“§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 starting reserve week 1 June 2018 shall be as follows:

Reservable Liabilities	UBs/KBs	TBs	RBs/ Coop Banks
a. Demand Deposits	18%	8%	5%
b. NOW accounts	18%	8%	5%
c. Savings Deposits	18%	8%	3%
d. Time Deposits, Negotiable Certificates of Time Deposits (CTDs), Long-term Non-negotiable Tax Exempt CTDs	18%	8%	3%
e. Long-term negotiable certificates of time deposits			
1. LTNCTDs under Circular No. 304	4%	4%	4%
2. LTNCTDs under Circular No. 824	7%	7%	7%
f. Deposit Substitutes (DS)	18%	8%	NA
g. DS evidenced by repo agreement	0%	0%	NA
h. IBCL (Sec. X343)	0%	0%	0%
i. Bonds	6%	6%	NA
j. Mortgage/CHM cert.	NA	6%	NA
k. Peso deposits lodged under Due to foreign banks	18%	NA	NA

Reservable Liabilities	UBs/KBs	TBs	RBs/ Coop Banks
i. Peso deposits lodged under Due to Head Office/Branches/Agencies Abroad (Philippine branch of a foreign bank)	18%	NA	NA
m. Basic deposit accounts , as defined in Sec. X222 of the MORB <sup>1</sup>	0%	0%	0%

“xxx”

**“§X405.5 Reserves against trust and other fiduciary accounts (TOFA) – Others.**

In addition to the basic security deposit, banks/institutions authorized to engage in trust and other fiduciary business shall maintain reserves on TOFA - Others, except accounts held under (1) Administratorship; (2) Trust Under Indenture; (3) Custodianship and Safekeeping; (4) Depository and Reorganization; (5) Employee Benefit Plans Under Trust; (6) Escrow; (7) Personal Trust (testamentary or living trust); (8) Executorship; (9) Guardianship; (10) Life Insurance Trust; (11) Pre-need Plans (institutional/individual); (12) Personal Equity and Retirement Account (PERA); and (13) Legislated and Quasi-Judicial Trust.

“xxx”

**Section 2.** Section 4253Q and Subsection 4405Q.5 of the MORNBFI on reserves shall now read, as follows:

**“Sec. 4253Q (2008 - 4246Q) Reserves Against Deposit Substitutes.** NBQBs shall maintain required reserves equivalent to eighteen percent (18%) of deposit substitute liabilities as defined in Section 95 of R.A. No. 7653, regardless of maturities except:

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

starting reserve week 1 June 2018.

“xxx”

**“§4405Q.5 Reserves against trust and other fiduciary accounts (TOFA) – Others.**

In addition to the basic security deposit, institutions authorized to engage in trust and other fiduciary business shall maintain reserves on TOFA-Others, except accounts held under (1) Administratorship; (2) Trust Under Indenture; (3) Custodianship and Safekeeping; (4) Depository and Reorganization; (5) Employee Benefit Plans Under Trust; (6) Escrow; (7) Personal Trust (testamentary and living trust); (8) Executorship;

<sup>1</sup> The required reserves for banks shall take effect starting reserve week 23 February 2018 (Circular No. 992 series of 2018).

(9) Guardianship; (10) Life Insurance Trust; (11) Pre-need Plans (institutional/individual); (12) Personal Equity and Retirement Account (PERA); and (13) Legislated and Quasi-Judicial Trust.

“xxx”

**Section 3.** This Circular shall take effect on 1 June 2018 after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

  
NESTOR A. ESPENILLA, JR.  
Governor

24 May 2018