



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1100

Series of 2020

Subject: Amendments to the Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs)

The Monetary Board, in its Resolution Nos. 1052 and 1052.A dated 20 August 2020, approved the following amendments to the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on the allowable modes of alternative compliance with the reserve requirements.

Section 1. Section 252/212-Q of the MORB/MORNBFI, as amended by Circular Nos. 1083 dated 22 April 2020 and 1087 dated 27 May 2020, is hereby amended to read, as follows:

252/212-Q COMPOSITION OF RESERVES

xxx

Allowable modes of alternative compliance. The following alternative modes of compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

- a. Peso-denominated loans that are granted to micro-, small-, and medium-enterprises (MSMEs), as defined under Sec. 332 (*Definition of Terms*), excluding banks and NBQBs that meet the definition of a small- and medium-enterprise, subject to the following conditions:

- (1) The MSME loan was granted after 15 March 2020: *Provided*, That if such MSME loan becomes past due or non-performing, as defined under Sec. 304/303-Q, it is no longer eligible as an alternative mode of compliance with the reserve requirements, except if such MSME loan has been subsequently renewed/restructured by the bank/NBQB in accordance with existing regulations. Notwithstanding this provision, a bank/NBQB may continue to utilize said past due or non-performing MSME loan as alternative compliance with the reserve requirements for an additional thirty (30) calendar days from the date the loan becomes past due or non-performing, whichever comes earlier;

- (2) xxx

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The use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks/NBQBs from 24 April 2020 to 29 December 2022, subject to early closure of the eligibility window by the Monetary Board, if warranted and with prior notice.

- b. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise, subject to the following conditions:

(1) The loan to the large enterprise was granted after 15 March 2020: *Provided*, That a loan to a large enterprise that becomes past due or non-performing, as defined under Sec. 304/303-Q, is no longer eligible as an alternative mode of compliance with the reserve requirements, except if such loan to a large enterprise has been subsequently renewed/restructured by the bank/NBQB in accordance with existing regulations. Notwithstanding this provision, a bank/NBQB may continue to utilize said past due or non-performing loan to a large enterprise as alternative compliance with the reserve requirements for an additional thirty (30) calendar days from the date the loan becomes past due or non-performing, whichever comes earlier;

(2) xxx

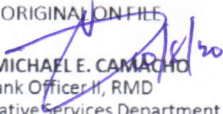
xxx

For purposes of determining compliance with the provisions in this Section, a large enterprise shall refer to a sole proprietorship, partnership, corporation or cooperative that meets all of the following criteria:

- a. xxx
- b. xxx
- c. It is a critically-impacted business enterprise that has been directly and adversely impacted by the Covid-19 outbreak such that it has experienced a significant decline in gross receipts for at least one calendar quarter and is generally unable to pay or perform its obligations as they fall due in the ordinary course of business, or as determined by the appropriate regulatory agency/ies, if applicable. A significant decline in gross receipts shall refer to at least a 25.0 percent decline in gross receipts for one calendar quarter. A critically-impacted business shall include the transport industry, tourism industry and export-import industry but shall exclude banks and other financial institutions under the supervision of the Bangko Sentral.

The use of loans to a large enterprise as allowable alternative compliance with the reserve requirements shall be available to banks/NBQBs from 29 May 2020 to 29 December 2022, subject to early closure of the eligibility window by the Monetary Board, if warranted and with prior notice.

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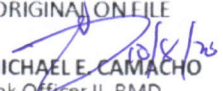
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Section 2. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


BENJAMIN E. DIOKNO
Governor

08 October 2020

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