

LIBERALIZING THE COMPUTATION OF BANKS' NET OPEN FOREIGN EXCHANGE (FX) POSITION LIMIT AS PRESCRIBED UNDER CIRCULAR 1327

BSP CIRCULAR NO. 15 s. 1994, February 19, 1994

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Pursuant to MB Resolution No. 578 dated December 22, 1993, as amended/clarified under MB Res. No. 81 dated January 31, 1994, liberalizing the computation of banks' net open foreign exchange (FX) position limit as prescribed under Circular 1327, the following shall be observed:

1. A bank shall have the option to exclude from its FX assets its foreign exchange holdings resulting from original investments in New Money Bonds (NMB).

Banks shall signify in writing to the Bangko Sentral ng Pilipinas (BSP) through the Foreign Exchange Department within ten (10) banking days from date hereof, their intention whether to exclude or to include their NMB holdings as mentioned above from the computation of their net open FX position. Once a bank has opted to include (or to exclude) the said asset, the option signified can no longer be subsequently reversed or changed.

2. The following accounts shall be excluded:

a)

100% FX cover required by the foreign Monetary Authority to be deposited by Philippine commercial banks with its advising/confirming bank in the foreign country for letters of credit issued; and,

b)

Equity investments in foreign subsidiaries.

3. Banks shall submit a supporting schedule in hard copy in the attached prescribed form as an attachment to Schedule 17 of IOS report showing the details of the accounts excluded.

As may be warranted, banks' reports on their net open FX positions may be subject to verification by BSP examiners/representatives pursuant to Section 92 of Circular 1389, as amended.

This takes effect immediately.

Adopted: 19 Feb. 1994

(SGD.) GABRIEL C. SINGSON
Governor

Name of Bank

DETAILS OF ACCOUNTS EXCLUDED FROM THE COMPUTATION OF NET OPEN FOREIGN

EXCHANGE POSITION

AS OF _____, 19__

I. Original Investments in New Money Bonds

Particulars Amounts

\$

Total _____

\$ _____

II. 100% Foreign Exchange Cover for L/Cs issued deposited with Advising/Confirming banks abroad

Name of Bank

Importer

\$

Total _____

\$ _____

III. Equity Investments in Foreign Subsidiaries

Name of Foreign Subsidiary Location \$

Total _____

\$ _____

TOTAL AMOUNT EXCLUDED \$=====

Authorized Signature

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