AMENDMENTS TO FOREIGN EXCHANGE REGULATIONS

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Pursuant to Monetary Board Resolution Nos. 1094 dated 4 July 2013 and 1669 dated 10 October 2013, the following provisions of the Manual of Regulations on Foreign Exchange Transactions (issued under Circular No. 645 dated 13 February 2009, as amended) are further revised as follows:

"Section 3. Peso Accounts of, and Sale of Foreign Exchange to, Non-Residents

1.

Peso Accounts of Non-residents. All peso deposit accounts of non-residents, including foreign banks, opened/maintained with AABs operating in the Philippines, shall be funded only by the following, subject to the provisions of Appendix 1.1:

a.

inward remittances of convertible foreign exchange[3];

b.

peso income of non-residents from, or peso sales proceeds of, properties in the Philippines allowed to be owned by non-residents under existing laws;

c.

onshore peso receipts of non-residents from residents for services rendered by the former to the latter, for which the resident would have been entitled to buy foreign exchange from AABs and AAB- forex corps for remittance to the non-resident service provider;

d.

peso receipts of expatriates working in the Philippines with contracts of less than one (1) year representing salary/allowance/other benefits;

e.

onshore peso funds of: (i) foreign students enrolled for at least one semester in the Philippines; and (ii) non-resident Filipinos; and

f.

peso proceeds from the onshore sale by non-resident issuers of their PSE-listed equity securities[4].

AABs shall continue to comply with their "Know Your Customer" policy.

2. Sale of Foreign Exchange to Non-Residents

a. Non-residents. Depository AABs may sell foreign exchange of up to USD60,000 per day for the balance of peso deposit accounts of non-residents referred to above that are funded by Item nos. 1(b) to 1(e) of this Section without need for prior BSP approval, subject to the submission of a duly accomplished application to purchase foreign exchange using the prescribed format (Annex A).

Peso deposits funded by item no. 1(a) must have been used onshore to fund foreign direct investment/s and/or investments in eligible portfolio instruments, which are registered with BSP or custodian banks, subject to the provisions of Chapter II (Foreign Investments) hereof and related applicable appendices/annexes, to allow full conversion to foreign exchange; otherwise, prior BSP approval shall be required.

b. Non-resident issuers of PSE-listed equity securities. Depository AABs may sell the equivalent foreign exchange to non-resident issuers or their authorized representative up to the amount deposited in the peso account that are funded by Item no. 1(f) upon presentation to the AAB of the original BSP letter-authority to purchase foreign exchange and submission of a duly accomplished application to purchase foreign exchange using the prescribed format (Annex A).

Non-resident issuers or their authorized representative shall submit to the BSP, through the International Operations Department (IOD), the request to purchase foreign exchange from their depository AAB, supported by the photocopies of documents listed under item no. 7 of Appendix 1.1.

All remitting depository AABs shall duly accomplish and submit to the BSP-IOD a report on such remittances using the prescribed form (Annex Y) within two (2) banking days from date of actual remittance, together with a copy each of the BSP letter-authority and the duly accomplished schedule attached thereto. The repatriation of proceeds from the onshore sale of PSE-listed equity securities and remittance of interest earned, if any, shall comply with procedures in Appendix 1.2.

c. Non-resident Tourists/Balikbayan. AABs and AAB-forex corps may sell foreign exchange to non-resident tourists or balikbayan to the extent of the amount of FX shown to have been sold for pesos by the non-residents to AABs and AAB-forex corps. Departing non-resident tourists or balikbayan may reconvert at airports or other ports of exit unspent pesos up to a maximum of USD10,000 or its equivalent in other foreign currency, calculated at prevailing exchange rates, without showing proof of previous sale of foreign exchange for pesos.”

“Section 37. Registration with Custodian Banks. The following non- resident investments shall be registered with the investor’s designated custodian bank, on behalf of the BSP:

- Inward foreign investments in peso-denominated government securities, PSE-listed securities issued by residents, and peso time deposits (Item nos. 1, 2 and 3, respectively of Section 35); and

- Investments in PSE-listed equity securities issued by non-residents.

A custodian bank may be an AAB or OBU appointed by the foreign investor to register his investments and to hold shares and other investment instruments for and in his behalf, and to represent him in all necessary actions in connection with his investments in the Philippines.

x x x”

“Section 101. Reportorial Requirements. The following reports are required to be submitted to the BSP by AABs, OBUs, and AAB-forex corps, where applicable:

Title of Report

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Submission Frequency/Deadline

Submission Procedure

xxx

G. Custodian Banks/Remitting AABs

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Report on Registered Portfolio Investments[13] with supporting documents required under Items C.1(a) and C.2 of Appendix 1 and Appendices 10 and 11

Within two (2) banking days from transaction date

Softcopy to IOD at iod-pid@bsp.gov.ph, with hard copies of supporting documents required under Appendices 1, 10 and 11

A-2

Report on PSE-Listed Equity Securities Issued by Non- Residents (Annex Y), with supporting documents required under Appendix 1.2

Within two (2) banking days from date of actual remittance

Softcopy to IOD at iod-pid@bsp.gov.ph, with hard copies of supporting documents required under Appendix 1.2

x x x”

The following Appendices[*] to the FX Manual have been added/revised:

A. New –

- Appendix 1.2: Procedures for Repatriation of Proceeds from the Onshore Sale by Non-Resident Issuers of their PSE-listed Equity Securities and Remittance of Interest Earned (Attachment 1)

- Appendix 11.1A: Guidelines on Reporting Registered Portfolio Investments (Attachment 2)

- Appendix 11.1B: Portfolio Investment Monitoring Systems - Manual of Instructions (Attachment 3)

- Annex Y: Report on Transactions on PSE-Listed Equity Securities Issued by Non-Residents (Attachment 4)

B. Revised –

- Appendix 1: Minimum Documentary Requirements for the Sale of Foreign Exchange by Authorized Agent Banks (AABs)/AAB-Forex Corps for Non-Trade Purposes (Attachment 5)

- Appendix 1.1: Minimum Documentary Requirements for Peso Deposit Accounts of Non-residents (Attachment

6)

- Appendix 10: Procedures and Documentary Requirements for the Registration of Inward Foreign Investments and Other Investments (Attachment 7)

- Appendix 11: Inward Foreign Investments and Other Investments - Procedures for Repatriation of Capital and Remittance of Dividends/Profits/Earnings (Attachment 8)

Repealing Clause. This Circular supersedes/amends/modifies the provisions of existing circulars, memoranda and/or other regulations that are inconsistent herewith.

Effectivity. This Circular shall take effect 15 calendar days after its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

FOR THE MONETARY BOARD:

(SGD) DIWA C. GUINIGUNDO
Officer-in-Charge

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[3] Refer to convertible currencies indicated in the BSP reference exchange rate bulletin

[4] Refer to equity securities of non-residents primarily listed at the PSE.

[13] The report form may be downloaded at BSP website:

http://www.bsp.gov.ph/downloads/Regulations/MORFXT/MORFXT-faas.zip

[*] Text available at the Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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