

AMENDMENTS TO FOREIGN EXCHANGE REGULATIONS

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Pursuant to Monetary Board Resolution Nos. 1094 dated 4 July 2013 and 1713 dated 17 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 6. General Policy. As a general rule, all kinds of merchandise imports are allowed. However, the importation of certain commodities are regulated or prohibited for reasons of public health and safety, national security, international commitments, and development/rationalization of local industry.

xxx

A duly accomplished application to purchase foreign exchange using the prescribed format (Annex A) and supporting documents (as may be applicable) shall be submitted to AABs/ AAB-forex corps to allow the sale of foreign exchange to pay for import obligations.”

“Section 22. The BSP shall regulate foreign/foreign currency loans to ensure that principal and interest owed to creditors can be serviced in an orderly manner and with due regard to the economy’s overall debt servicing capacity. x x x

5.

AABs shall not extend peso financing to non-residents unless explicitly allowed under existing BSP rules.

6.

Foreign borrowings of banks shall also be subject to the pertinent provisions of the MORB, as well as other applicable laws, rules and regulations.”

“Section 23. Loans Requiring Prior BSP Approval. Prior BSP approval shall be required for the following loans:

xxx

2.

Loans of the private sector irrespective of maturity, creditor and the source of foreign exchange for servicing thereof, if:

a.

guaranteed by government corporations and/or government financial institutions; or

b.

covered by foreign exchange guarantees issued by AABs.

x x x”

“Section 24. Loans Not Requiring Prior BSP Approval. The following loans may be granted without prior

approval of the BSP:

xxx

2. Short-term interbank loans of banks, e.g., interbank call loans.

xxx

5.

Short-term loans of private exporters/importers from OBUs and foreign banks with branches in the Philippines:
Provided, That:

xxx

f.

The loans have been granted against BSP-approved short-term lending programs of the creditor banks, including OBUs[5].

xxx

“Section 29. Servicing of Loans[6]

xxx

4.

AABs and AAB-forex corps may sell foreign exchange without prior BSP approval for prepayments (i.e., payments before original due dates) of BSP-registered private sector loans (including bonds and notes) that are not publicly-guaranteed, subject to the following conditions:

a.

In the case of prepayment of medium- and long-term private sector loans, the borrower shall submit to the BSP-IOD a notice of intention to prepay at least one (1) month prior to the target prepayment date indicating the following: name of creditor, BSP registration number for the loan, date of prepayment, amount of principal to be prepaid and related interest/other fees/charges due in original currency, and remittance instructions (e.g., account number and recipient bank). Such notice shall not be required for prepayment of short-term private sector loans.

After payment, the borrower shall submit to the BSP-IOD proof/s of such payment, together with a copy each of the duly stamped supporting documents/BSRD and its ST-2 (for short-term loans)/Form 2 (for medium- and long-term loans) report (Annexes E.1 and E.2, respectively) within the prescribed deadlines for said reports.

b.

The foreign exchange selling AAB/ AAB-forex corp shall require the presentation by the borrower of documents prescribed under Item B, Appendix 1 hereof.

c.

The foreign exchange purchases shall comply with the daily limits as may be determined by the BSP, provided that the total foreign exchange purchases shall not in any case exceed the amount to be prepaid plus related

interest and other fees/charges indicated in the BSRD/prepayment notice.

x x x

x x x”

“Section 36. Registration with the BSP. The following inward foreign investments shall be registered with the BSP:

xxx

All applications[8] for registration of foreign direct investments (Annex W) under Section 34 shall be filed with the BSP within one (1) year from the date of inward remittance/actual transfer of assets to the Philippines. A Bangko Sentral Registration Document (BSRD) shall be issued by the BSP evidencing registration of such investments.

x x x”

The following Appendices[*] to and Annexes of the FX Manual have been added/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 1)
- Appendix 2: List of Regulated Import Commodities and Administering Agencies/Bureaus (Attachment 2)
- Appendix 6.1: Guidelines for Reporting of Importations under D/A-O/A Arrangements (Attachment 3)
- Appendix 10: Procedures and Documentary Requirements for the Registration of Inward Foreign Investments and Other Investments (Attachment 4)
- Appendix 10.1: Certificate of Inward Remittance (CIR) Form (Attachment 5)
- Appendix 18: Guidelines and Minimum Documentary Requirements for Foreign Exchange Forwards and Swaps. (Attachment 6)
- Annex E.3: Loan Profile (Attachment 7)
- Annex N: Computation Sheet (Attachment 8)
- Annex W: Application for Registration of Inward Foreign Direct Investments (Attachment 9)

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) VICENTE S. AQUINO
Officer-in-Charge

[5] The creditor banks’ lending program for private sector borrowers should indicate the proposed credit limit, supported by a list of prospective borrower/s.

[6] Unregistered private sector foreign loans were temporarily allowed to be paid using foreign exchange to be

purchased from AABs and/or AAB-forex corps under the following BSP Circulars, subject to certain conditions:

BSP Issuance

Period Covered

Circular No. 741 dated 17 November 2011 December 2011 to February 2012

Circular No. 795 dated 18 April 2013 May 2013 to December 2013

[8] Applications for registration of foreign direct investments already recorded in the investee firm's books may be filed with the BSP-IOD up to 18 April 2015, regardless of date of inward remittance of foreign exchange/actual transfer of assets to the Philippines. After this date, the one (1) year prescriptive period for filing of applications for registration of foreign direct investments shall apply.

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

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