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The Monetary Board in its Resolution No. 258 dated March 1, 1995, in response to the request of the Bankers Association of the Philippines, hereby revises the definitions of foreign assets and non-monetary foreign assets accounts in the Manual of Accounts for FED Form 1 (formerly IOS Form 1) as follows:

> "9. Foreign Assets are actual claims denominated in foreign currency of the Philippine offices of banks on non-residents at a given period in time; however, they shall include as exceptions, Customers Liability-Import Bills (Foreign Currency), Customers Liability-Import Bills Under Trust Receipts (Foreign Currency), deposits of banks with the Central Bank and local FCDUs under Circular 343/547. x x x"
>
> a. x x x
>
> "b. Non-Monetary Foreign Assets consisting of other assets (e.g. fixed assets of the foreign branches of domestic banks and accrued interest receivable) and in addition, Customers Liability-Import Bills (Foreign Currency), Customers Liability-Import Bills under Trust Receipts (Foreign Currency), deposits with the Central Bank and local FCDUs under circular 342/547."

Accordingly, the following foreign exchange asset accounts are created:

1. Customers Liability-Import Bills (Foreign Currency)

This includes import bills/drafts denominated and/or payable in foreign exchange to local banks drawn at sight under import letters of credit or authority to pay/purchase issued by the banks covering the value of imports and related expenses pending presentation for payment and/or acceptance. Upon receipt of advice from the foreign correspondent banks, the said bills shall be recorded immediately in foreign exchange and at their local currency equivalent at the covering forward contract rate or stipulated retrieval rate, if any, or at the banks' booking rate permissible within the forex band.

2. Customers Liability-Import Bills Under Trust Receipts (Foreign Currency)

This includes bills/drafts denominated in foreign exchange to the banks drawn under import letters of credit, which have been accepted by the importers prior to/upon release of the shipping documents under trust receipt agreement.

Banks whose foreign exchange position as of this date will be in excess of the allowable open foreign exchange position as a result of the modification in the definition of foreign assets as indicated in this Circular-Letter are given ten (10) working days from the date of this Circular-Letter within which to correct their positions.

This Circular-Letter shall take effect immediately.

Adopted: 2 Mar. 1995

(SGD.) GABRIEL C. SINGSON
Governor

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