

GUIDELINES ON TEMPORARY WINDOW FOR THE PURCHASE OF FOREIGN EXCHANGE (FX) TO SERVICE UNREGISTERED PRIVATE SECTOR FOREIGN LOANS

BSP CIRCULAR NO. 741, S. 2011, November 17, 2011

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Adopted: 17 November 2011

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Pursuant to Monetary Board Resolution No. 1681 dated 10 November 2011 approving the three (3)-month temporary window for the purchase of FX to service unregistered private sector foreign loans, the following guidelines are hereby issued:

I. Coverage

The temporary window shall be available for the three (3)-month period from December 2011 to February 2012 and shall cover the following foreign loans of the private sector that are outstanding as of 30 June 2011 with payments (principal, interest and other related fees) falling due within said period:

- a. Loans not yet registered but already approved by the BSP;
- b. Loans without BSP approval/registration, but being reported to the BSP; and
- c. Loans without BSP approval/registration, and not being reported to the BSP

Prepayments and arrears may also be considered subject to conditions indicated herein.

A limit on the maximum amount of FX that may be purchased shall be determined by the BSP based on prevailing conditions.

II. Procedures

Private sector borrowers with foreign loans covered by the above categories may purchase FX from authorized agent banks (AABs) and/or their subsidiary/affiliate foreign exchange corporations (AAB-forex corps) to service regular/scheduled loan payments (principal, interest and related fees), including arrears and prepayments within the three (3)-month period upon compliance with the following:

- Private sector borrowers shall submit to the BSP, through the International Operations department (IOd), the duly accomplished "Application for Authority to Purchase FX" (Annex A), together with documentary requirements specified therein and applicable processing fee, not later than 5 December 2011. For payments falling due/payments to be made from 1-9 December 2011, the application (together with the required documents) shall be submitted not later than 24 November 2011.

Applications received beyond the said deadline shall no longer be processed.

- Private sector borrowers shall present to the FX selling AABs/AAB-forex corps the original BSP authority to purchase FX which shall be valid only within the dates stipulated therein. In case the end of the validity period of the BSP authority falls on a non-banking day, the BSP authority can still be used until the next banking day.

- The AAB/AAB forex corps shall stamp “FX Sold” on the original authority and indicate the amount of FX sold, to be initialed by an authorized officer of the AAB/AAB forex corps.

III. Processing Fee

A fixed processing fee of Php10,000 will be charged by BSP on each application for servicing of private sector foreign loans that are: (a) without BSP approval/registration, but being reported to BSP; and (b) without BSP approval/registration, and not reported to BSP. The processing fee shall be in the form of Manager’s Check or Cashier’s Check payable to the BSP.

IV. Reporting Requirements

FX selling AABs/AAB-forex corps and private sector borrowers shall report such FX sales/purchases to the BSP as follows:

Reports

Deadline

A. By the FX selling AAB/AAB-forex corps (FX Sales) -

1. Scheduled 4 of FX Form 1

Five (5) banking days from end of reference week

2. Report on Sale of FX Pursuant to Circular No. 741 dated 17 November 2011 (Annex B)

Three (3) banking days from end of reference week

B. By the private sector borrowers (FX purchases) -

Report on foreign borrowings for medium- and long term loans (Form 2- Annex C); or Report on transactions on short-term foreign loans (ST-2- Annex D)

Three (3) banking days after end of reference month

V. Effectivity

This Circular shall take effect immediately.

For the Monetary Board:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

[1] Foreign Loans are loans owed by residents to non-residents, regardless of currency denomination.

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