

REVISED POLICY AND GUIDELINES ON SHORT-TERM FOREIGN CURRENCY LOANS

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/454e16dea92d/>

Pursuant to MB Res. No. 769 dated August 14, 1992, the following revised policy and guidelines shall govern short-term foreign currency loans:

I

Loans from FCDUs

A. The following short-term foreign currency loans may be granted by Foreign Currency Deposit Units (FCDUs) without the prior approval of the Central Bank:

- Normal interbank transactions (not exceeding 360 days), e.g., interbank call loans and interbank loans for general liquidity purposes;
- Borrowings of commodity and service exporters;
- Borrowings of producers/ manufacturers, including oil companies and public utility concerns; and
- Borrowings of resident FCDU depositors against their own FCDU deposits provided - (a) The borrower/end-user of the FCDU loan is also the depositor in whose name the FCDU account is recorded in the bank's FCDU books; and

B. The loan amount shall not exceed the amount of the FCDU deposit and repayment of the loan shall not be funded by purchases of foreign exchange from the local banking system.

Producers/manufacturers referred to in item A.3 above shall refer to any person or entity who undertakes the processing/ conversion of raw materials into marketable form through physical, mechanical, chemical, or other means or by special treatment or a series of actions that results in a change in the nature or state of the products.

B. Proceeds of loans to be granted under item A above shall be availed of as follows:

- For commodity and service exporters - directly in foreign exchange to pay foreign currency requirements or in pesos thru the sale of the foreign exchange to the lending local commercial bank to pay local costs/working capital requirements.
- For producers/manufacturers directly in foreign exchange to pay for the import costs of goods and services necessary in the production of goods by the borrower concerned.

C. Other loans to be granted to borrowers not falling under any of the categories in item A hereof, including those to be funded by FCDUs from offshore sources, shall be referred to the Central Bank thru the Management of External Debt Department (MEDD) for prior approval.

II

Loans from Offshore Sources

A. All short-term foreign currency loans (not exceeding 360 days) to be granted by foreign creditors, including

Offshore Banking Units (OBUs), except normal interbank transactions, shall be referred to the Central Bank through MEDD, for prior approval.

B. Such loans shall finance only the foreign exchange requirements of domestic borrowers, preferably in areas considered priority/eligible for foreign financing.

C. Loans to be granted by creditors under the Revolving Trade Facility Agreement shall continue to be governed by Circular Nos. 1071 and 1072 dated August 2, 1985.

III

Terms of Loans

Short-term foreign currency loans from FCDUs and offshore sources, including OBUs, shall have a maturity not exceeding 360 days and shall carry interest rates and financing charges which are reflective of prevailing terms in the international capital markets for such credits.

IV

Reporting Requirements

FCDUs and OBUs which have extended short-term foreign currency loans to domestic borrowers shall comply with the existing reportorial requirements, namely -

A. For FCDU credits (except loans categorized under I.A.1 and 4 of this Circular) - IOS Form 4 (Consolidated Report on Loans Granted by FCDUs) to be submitted monthly by FCDUs within 5 banking days from end of reference month.

B. For OBU credits - CBP 6-24-24 (Report on Foreign Loans to Residents) to be submitted monthly by OBUs within 5 banking days from end of reference month.

V

Sanctions

Non-compliance with the provisions of this Circular as well as with the conditions imposed by the Central Bank in approving short-term credits shall subject the parties concerned to appropriate sanctions/penalties as may be determined by the Central Bank pursuant to Sec. 34 and 34A R.A. No. 265, as amended.

VI

Repealing Clause

This Circular amends all existing regulations inconsistent herewith.

This Circular takes effect immediately.

Adopted: 21 Aug. 1992

(SGD.) JOSE L. CUISIA, JR.

Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.