

FCDU LOANS TO SERVICE EXPORTERS

BSP CIRCULAR NO. 1336 S. 1992, April 22, 1992

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In accordance with Monetary Board Resolution No. 281 dated March 30, 1992, effective immediately, service exporters may avail themselves of FCDU loans from a U.S. dollar-based credit facility for their peso requirements from the Foreign Currency Deposit Unit (FCDU) of a local commercial bank without need of prior Central Bank (CB) approval, subject to the following conditions:

1. Service Exporters shall refer to Philippine resident enterprises engaged or proposing to engage in rendering technical, professional or other services which are paid for in foreign exchange;
2. The amount of the FCDU loan which may be granted shall be up to seventy percent (70%) of its expected foreign exchange receipts, due within 360 days from loan grant, under its service contract/agreement or of its foreign exchange receipts arising from services rendered for the preceding 360 days as certified by a local commercial bank;
3. Proceeds thereof shall be availed of in pesos through the sale of the foreign exchange proceeds thereof to the lending commercial bank to pay local costs;
4. Payment for the FCDU loan shall be directly deducted from the foreign exchange receipts due the service exporter under its service contract or other agreements used as basis for the grant of the loan, provided that such receipts shall be coursed through the same bank which granted the loan;
5. The loan shall have a short term maturity not to exceed 360 days;
6. In case any balance of the loan remains unpaid at maturity, the borrower shall be allowed to pay the loan in foreign exchange thru the purchase of the needed foreign exchange through the purchase of the needed foreign exchange from the banking system or other sources;
7. The interest rates that may be charged on the loan shall be reflective of the prevailing rates in the international capital markets;
8. The FCDU and the service exporter concerned shall comply with the weekly reporting requirement under CB Circular Letter dated January 8, 1992, subject to the following changes:
 - The report title shall be amended to reflect the number of this Circular;
 - The copy to be attached/indicated shall be the service contract instead of the L/C, purchase order or sales contract; and
 - The report copy shall be submitted to the CB Foreign Exchange Regulations Department instead of the CB Export Department; and
9. Service exporters who violate this Circular and other CB related rules shall be subject to appropriate sanctions as may be approved by the Monetary Board or under Section 34 of R.A. 265, as amended.

Adopted: 22 Apr. 1992

(SGD.) JOSE L. CUISIA, JR.
Governor

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