FURTHER AMENDING CIRCULAR 1272 ON REGULATION OF FOREIGN EXCHANGE POSITION OF COMMERCIAL BANKS

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The Monetary Board in its Resolution No. 444 dated April 19, 1991, approved the following further amendments to Sections 2 and 3 of Circular 1272, as amended by Circular 1274 and as further amended by Circular 1275, as follows:

1. Section 2 shall now read in full as follows:

> "SEC. 2. Allowable Overbought and Oversold Position
>
> Banks' foreign exchange assets may be allowed to exceed their foreign exchange liabilities to the extent of their average monthly payments for merchandise imports and invisibles. Allowable retentions shall be computed based on average monthly transactions for the preceding 12 months as reported under IOS Form I.
>
> Banks' foreign exchange liabilities may be allowed to exceed their foreign exchange assets by not more than $500,000.00.
>
> Banks shall be required to submit to the Foreign Exchange Regulations Department a daily report on their overbought/(oversold) foreign exchange position on the third banking day from reference date and to settle their cumulative net overbought/(oversold) balance weekly."
>
> 2. Item 3 of Sec. 3(a) shall now read as follows:
>
> "SEC. 3. Definitions
>
> a. Foreign exchange assets shall include total monetary foreign assets under the Manual of Instructions of IOS Form I including the following:
>
> 1. x x x
>
> 2. x x x
>
> 3. Investment in Bonds and Other Debt Instruments — Item 16, excluding investments in public sector debt papers without a corresponding foreign obligation".

Effective June 3, 1991, "cash L/Cs collateralized with confirming bank" shall cease to be reported as part of a bank's "foreign exchange liabilities", for purposes of this Circular. Accordingly, item No. 5 of Section 3(b) which includes said cash L/Cs among a bank's foreign exchange liabilities and Section 3(f) which defines aforesaid cash L/Cs, shall be considered deleted as of this date.

Adopted: 20 April 1991

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

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