PROCEDURES ADOPTED FOR FOREIGN BORROWINGS OF PRIVATE COMPANIES

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Pursuant to Monetary Board Resolution No. 602 dated July 1, 1994, the following procedures shall be adopted for foreign borrowings of private companies:

1
Submission of Foreign Borrowing Plans

Companies intending to borrow an amount equivalent to at least US$10 million shall advise the Bangko Sentral through the Management of External Debt Department MEDD) of their foreign borrowing plans at least six months prior to conduct of actual negotiations or award of mandate for medium and long term loans, and one month for short-term loans, using forms prescribed for the purpose. The timetable and any changes thereon shall be promptly communicated to the Bangko Sentral for monitoring and programming purposes.

2
Filing of Applications

A. For Approval of Loans/Guarantees

1. Applications for approval of foreign loans/guarantees shall be filed with MEDD at least fifteen (15) banking days prior to target date of negotiation, complete with the required documents, using the forms prescribed for the purpose. Applications shall be filed not later than 11:30 AM on any banking day.

2. Processing fees shall be charged on all applications for new loans/guarantees at the rate 1/50 of 1% of the total loan/guarantee amount applied for, with a minimum fee of US$400 and maximum of US$100,000. Applications requested to be treated on a rush basis shall be charged twice these rates.

B. For Registration of Loans

1. Applications for registration of foreign loans not required to be prior-approved shall be filed with MEDD not later than 15 days from date of initial drawdown/inward remittance using the prescribed form. Proofs of inward remittance/utilization of the loan as well as a copy of the loan agreement and other documentary requirements shall be submitted together with the application for registration.

2. Processing fees shall be charged on all applications for registration of loans. The fee shall be computed on the basis of the amount being registered at the rate of 1/100 of 1% with a minimum of US$200 and a maximum of US$50,000.

C. For Registration of Guarantees and Other Contingent Liabilities - A processing fee of PHP1,000 shall be charged on all applications for registration.

D. The above fees shall be paid in the peso equivalent thereof converted at the BSP reference rate on the day preceding the date of receipt of application, in Manager's Check or Cashier's Check payable to the Bangko Sentral.

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3
Reporting requirements

All foreign loans obtained by Philippine private sector borrowers from offshore sources, with or without prior Bangko Sentral approval, shall be reported for statistical purposes to MEDD, within 15 days from drawdown thereof, indicating the repayment terms/particulars of the loan. Subsequent transactions thereon shall likewise be reported within fifteen days from transaction date. Failure to report such loans shall be a ground for imposition of appropriate sanctions.

Accordingly, all foreign loans outstanding as of June 30, 1994 which have been obtained without prior Bangko Sentral approval, shall be reported to MEDD within thirty (30) days from date of publication of this Circular. The report shall include information on the original amount of the loan, currency at which it is denominated and payable, total amount drawn, principal amount paid, amount outstanding, repayment terms (including due date), interest rate/other fees and charges, names of creditor/s, and foreign and local guarantor/s (if any).

This Circular amends existing procedures and guidelines governing private sector foreign borrowings, and shall be implemented in line with Circular No. 1389 dated April 13, 1993, as amended.

This Circular shall take effect immediately.

Adopted: 19 July 1994

(SGD.) EDGARDO P. ZIALCITA
Officer-In-Charge

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