NATIONAL ADMINISTRATIVE REGISTER · JUNE 22, 1992

# FOREIGN EXCHANGE PAYMENTS AND FOREIGN LOANS

*BSP MEMORANDUM, June 22, 1992*

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Effective immediately, foreign exchange payments for principal, interest, fees and related charges on foreign credits duly approved by, and registered with, the Central Bank and not subject to/covered by rescheduling with foreign creditors may now be remitted as they fall due through Authorized Agent Banks (AABs) without prior Central Bank approval.

The following foreign loan transactions shall, however, continue to be subject to prior Central Bank approval, thru the Management of External Debt Department (MEDD):

1. Prepayment/acceleration of payments on CB-approved and registered foreign credits;

2. Payments for past due foreign credits (including penalties);

3. Payments for other fees/charges not explicitly approved/specified in the CB registration letter;

4. Foreign credits covered by rescheduling with foreign banks and financial institutions; and

5. Foreign credits covered by rescheduling with Paris Club creditors (Annex A).[*]

Applications for the servicing of loan-related transactions shall be submitted to any AAB with the following relevant documents duly-certified as true copies by the applicant's Senior/Executive Vice-President or officer of equivalent rank which shall be verified against the originals thereof:

a. CB letter/s covering the registration of the foreign credit indicating the charges/costs payable on the due dates cited in the application for remittance and specifically authorizing servicing of the payments involved without prior Central Bank approval;

b. Billing from the foreign creditor showing amounts payable and due dates, and where applicable, the detailed computation (including basis) of the charges to be paid; and

c. Proof of compliance with BIR Revenue Memorandum Order (RMO) No. 10-92 dated February 1, 1992, i.e., BIR Form TC-001 duly received/approved by the Bureau of Internal Revenue.

For this purpose, borrowers with existing foreign loans shall apply with the Central Bank, thru MEDD, for a one-time authority to service their existing credits at least 30 days prior to the next scheduled/registered payment date of the account involved. Applications shall be supported by the relevant documents/information for each account, as follows:

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Copy of the CB registration letter covering the credit involved

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Status of the loan (as of application date) and consolidated payment schedule for the outstanding balance thereof including fees and charges using attached format (Annex B).[*]

The concerned banks shall report all payments effected under the provisions of this MAAB under IOS Form I Schedule 7.

The servicing by AABs of foreign loans which are not duly approved by, and registered with, the Central Bank shall subject said AABs to the sanctions provided under CB Circular No. 809 dated June 26, 1981. Borrowers of foreign loans secured without prior approval by, and subsequent registration with, the Central Bank shall be precluded from servicing said loans from foreign exchange purchases through the banking system pursuant to Sec. 12 of Circular No. 1318 dated January 3, 1992.

This MAAB supersedes MAAB Nos. 41 and 18 dated October 29, 1984 and August 22, 1985, respectively.

Adopted: 22 June 1992

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

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[*] Text available upon request at the Office of the National Administrative Register, U.P. Law Center.


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