TRANSFER OF EFCDU/FCDU PROFITS/LOSS

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The Monetary Board, in its Resolution No. 1430 dated October 2, 2003 decided to amend the provisions of Circular Letter dated September 17, 1992 as follows -

It is hereby clarified that in accordance with Circular No. 108 dated May 9, 1996, as amended, the transfer of the "Undivided Profits - FCDU/EFCDU" to the "Surplus-Free" account in the Regular books of the Bank Proper shall pertain to both EFCDU/FCDU profits or EFCDU/FCDU loss (positive or negative Undivided Profits), Provided, that the EFCDU/FCDU shall fully provide for its classified accounts prior to the transfer of Undivided Profits (positive or negative) to the Regular books. The transfer of EFCDU/FCDU profits shall be accompanied by a corresponding transfer of eligible EFCDU/FCDU assets to the Regular books in the form of:

- Foreign currency deposits with the Bangko Sentral;

- Foreign currency deposits with foreign banks;

- Foreign currency deposits with resident OBUs and other EFCDUs except deposits with FCDU; and

- Investment in Bonds and Other Debt Instruments - Foreign, except Philippine debt papers which were restructured during the period of moratorium in the payment of external debt.

The transfer of EFCDU/FCDU loss shall be accompanied by a corresponding transfer from Regular books to the EFCDU/FCDU of the above-mentioned eligible foreign currency assets.

The frequency of transfer of EFCDU/FCDU profits/loss to the Regular books of the Bank Proper shall be on a periodic basis: Provided, that in the case of EFCDU/FCDU profits, transfer shall be made at the end of the accounting period, i.e., at the end of the calendar year or fiscal year adopted by the bank: Provided, further, that in the case of EFCDU/FCDU loss, transfer to RBU of said loss shall be made immediately.

This Circular Letter shall take effect immediately.

Adopted: 07 November 2003

(SGD.) ARMANDO L. SURATOS
Officer-in-Charge

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