

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

BSP CIRCULAR NO. 1274, February 22, 1991

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The Monetary Board in its Resolution No. 230 dated February 22, 1991 approved the amendment of Sections 2 and 3 of Circular 1272, so as to read in full as follows:

“SEC. 2. Allowable Overbought 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 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.

“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. Loans and Discounts — Resident: Circular 343/547 Item 14; and
2. Interbank Loan Receivables — Local: Item 15
3. Investment in Bonds and Other Debt Instruments — Item 16
4. Forward Purchases from the Central Bank (\$-P Swap)

b. “Foreign exchange liabilities” shall include total monetary foreign liabilities under the Manual of Instructions of IOS Form 1, except:

1. Due to Head Office/Branches/Agencies Abroad — Regular — Item 28 (Unremitted Profits and Assigned Capital Portions only).

“It shall include the following:

1. Deposit liabilities — Local Banks: Circular 343/547 — Regular -Item 32;
2. Special FX Deposits under CB FX Incentive Circular — Regular — Item 33;
3. Bills Payable — Local Banks: Circular 343/547 — Item 34;
4. Bills Payable — CB FX — Item 35”

c. “Balanced foreign exchange position” shall refer to the situation of a bank whose total foreign exchange liabilities is matched by its total foreign exchange assets.

d. “Overbought foreign exchange position” shall refer to the situation of a bank whose total foreign exchange

assets exceed its total foreign liabilities.

e. "Oversold foreign exchange position" shall refer to the situation of a bank whose total foreign exchange liabilities exceed its total foreign exchange assets.

All other provisions of Circular 1272 shall remain unchanged.

Adopted: 22 Feb. 1991

(SGD.) JOSE L. CUISIA, JR.

Governor

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