

## **PPRIOR BSP APPROVAL OF FOREIGN/FOREIGN CURRENCY LOANS, AND THEIR SUBSEQUENT REGISTRATION**

<b>Description</b>	: The BSP approval serves as authority for the client to finalize negotiations with the prospective creditor/s, sign covering agreements, and draw on the proposed loan. On the other hand, the BSP registration authorizes the client to purchase foreign exchange (FX) from authorized agent banks (AABs) and AAB-foreign exchange corporations (forex corps) for loan payments for amounts on due dates indicated in the Bangko Sentral Registration Document (BSRD).
<b>Clients</b>	: Private domestic entities whose proposed foreign/foreign currency loan/s fall under any of the following categories stated in Section 23 of the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended ( <a href="http://www.bsp.gov.ph/regulations/reg_MORB.asp">http://www.bsp.gov.ph/regulations/reg_MORB.asp</a> ) may apply for approval and subsequent registration: <ol style="list-style-type: none"><li>1. Loans irrespective of maturity, creditor and the source of FX for loan payment if:<ol style="list-style-type: none"><li>a. guaranteed by government corporations and/or government financial institutions; or</li><li>b. covered by foreign exchange guarantees issued by AABs.</li></ol></li><li>2. Loans from offshore sources and OBUs with maturities exceeding one (1) year to be obtained by private non-bank financial institutions (except those to be incurred by non-bank financial institutions with quasi banking functions) intended for relending to public or private sector enterprises.</li><li>3. Other loans irrespective of maturity and currency if to be paid using FX to be purchased by the borrower/creditor/guarantor from AABs or AAB-forex corps and are not exempted under Section 24 of the FX Manual, from the prior BSP approval requirement.</li></ol>
<b>Documents Required</b>	: See Annex E2-A
<b>Schedule of Service Availability</b>	: Submission via the online Foreign Loan Approval and Registration System (FLAReS) Banking days: 8:00 AM to 5:00 PM
<b>Contact Information</b>	: International Operations Department (IOD) Rm. 301, 3rd floor 5-Storey building, Bangko Sentral ng Pilipinas,

A. Mabini cor. P. Ocampo Sr. Sts., Malate, Manila

Trunkline: (02) 708-7701 local 2716/2842 (Admin); Direct Lines: (02) 708-7107 (Director); (02) 708-7109 [Deputy Director (DD), IOG I]; (02) 708-7108 (DD, IOG II); and (02) 708-7684 (DD, IOG III); Facsimile: (02) 306-3091

**Total Processing Time**

: Maximum of 30 banking days for BSP loan approval and 30 banking days for BSP loan registration, counted from date when all BSP requirements have been submitted/complied with by the client. (To ensure thorough verification and analysis of the documents/information submitted to IOD considering the volume of requests and supporting documents/information received, and complexity of transactions involved.)

**Total fees**

: Amounts indicated under Appendix 20 of the FX Manual which, unless amended, shall be:

- a. 0.02 percent of the loan/guarantee amount applied for, with a minimum of US\$400 and maximum of US\$100,000. Applications requested to be treated on a rush basis shall be charged twice the foregoing rate. The fees shall be paid through the participating AABs in the peso equivalent using the BSP reference rate one (1) banking day preceding the date of order of payment generated through FLAReS.
- b. An additional fee equivalent to ten (10) percent of the applicable processing fee shall be charged for foreign loan applications that are not included under the client's Foreign Borrowings Plan amounting to at least US\$10 million previously submitted to IOD.

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
<i>For prior BSP approval of the foreign/foreign currency loan</i>					
<b>Note: For clients with existing Foreign Loan Approval and Registration System (FLAReS) account, skip steps 1 to 4. For system and technical matters, clients may send an electronic mail at <a href="mailto:FLAReS@bsp.gov.ph">FLAReS@bsp.gov.ph</a></b>					
1	Download FLAReS User Account Request (UAR) Form from the BSP website ( <a href="http://www.bsp.gov.ph/regulations/reg_others.asp">http://www.bsp.gov.ph/regulations/reg_others.asp</a> )				UAR Form
2	Submit two (2) hardcopies of duly accomplished UAR Form together with covering letter and the required supporting documents to the Office of the Managing Director, International Sub-Sector (OMD-ISS)	<ul style="list-style-type: none"> <li>a. Receives and validates the submitted UAR Form;</li> <li>b. Mails the User Account, PIN and Installation Guide for the installation of the FLAReS Digital Certificate (FLAReS CA) to client</li> </ul>	Analyst and Administrative Staff IOD & OMD-ISS/3F,5-Storey Building	<ul style="list-style-type: none"> <li>1. Covering letter;</li> <li>2. UAR Form;</li> <li>3. Sworn Certification (attached herewith);</li> <li>4. Latest General Information Sheet submitted to the Securities and Exchange Commission (SEC).</li> </ul>	<ul style="list-style-type: none"> <li>1. User Account;</li> <li>2. PIN;</li> <li>3. Installation Guide for the installation of FLAReS CA</li> </ul>

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
				Firms which do not have previous loan transactions with IOD should also submit Articles of Partnership/ Incorporation and any amendments thereto, duly registered with the SEC.	
3	Request for a FLAReS CA using designated computer of each user (following instructions in the Installation Guide)	Validates the electronic request and issues the FLAReS CA	Analyst IOD/3F, 5-Storey Building	Electronic request	FLAReS CA
4	a. Install the FLAReS CA; b. Log in to the FLAReS website using the User Account (User ID and password) earlier provided.				
5	a. Submit application form through FLAReS; b. Generate an Order of Payment (OP)	FLAReS automatically acknowledges receipt of application			1. Acknowledgment of receipt generated through FLAReS; 2. OP generated through FLAReS

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
6	Present OP to participating banks (Bank of the Philippine Islands, BDO Unibank, Inc.*, Landbank of the Philippines and Philippine National Bank as of 30 October 2013) and settle the processing fee within the validity of the OP			1. OP generated through FLARes; 2. Payment	Official receipt from bank
7	a. Submit duly accomplished application form with covering letter and documents/information required together with copy of official receipt to IOD; b. Accept receiving copy of the application	a. Receives and checks completeness of documents/information submitted against checklist in the application form and covering letter from client; b. Stamps client's receiving copy of the application	Analyst and Administrative Staff IOD/3F, 5-Storey Building	1. Covering letter; 2. Application form complete with documents and information required therein; 3. Copy of official receipt from bank	Duly stamped client's receiving copy of the application for approval of foreign/foreign currency loan
		Evaluates application**, prepares appropriate documents, and faxes implementing letter to client	Analyst IOD/3F, 5-Storey Building		1. Implementing letter (facsimile); 2. Facsimile transmission sheet; and 3. Client Satisfaction Survey

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
8	Present facsimile copy of the IOD implementing letter and/or letter from the client authorizing bearer to pick up original document from IOD	a. Checks identity of the bearer; b. Releases original implementing letter to client	Administrative Staff, IOD/3F, 5-Storey Building	1. Facsimile copy of the IOD implementing letter and/or authorization letter; 2. Valid ID of client's representative	
9	a. Receive original implementing letter and sign releasing copy of IOD; b. Submit duly filled-out Client Satisfaction Survey		Administrative Staff, IOD/3F, 5-Storey Building		Original implementing letter and Client Satisfaction Survey

*\* Selected branches only*

*\*\* Client shall be informed for any non-compliance and clarifications.*

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
<b>For subsequent BSP registration of the prior-approved foreign/foreign currency loan</b>					
10	a. Submit duly accomplished application form with covering letter and documents/information required in hardcopy to IOD; b. Accept receiving copy of the application	a. Receives and checks completeness of documents/information submitted against checklist in the application form and covering letter from client; b. Stamps client's receiving copy of the application	Analyst and Administrative Staff IOD/3F, 5-Storey Building	1. Covering letter; 2. Application form complete with documents and information required therein	Duly stamped client's receiving copy of the application for registration of foreign/foreign currency loan
		Evaluates application*, prepares appropriate documents, and faxes BSRD to client	Analyst IOD/3F, 5-Storey Building		1. BSRD (facsimile); 2. Fax transmission sheet; and 3. Client Satisfaction Survey
11	Present facsimile copy of the BSRD and/or letter from the client authorizing bearer to pick up original document from IOD	a. Checks identity of the bearer; b. Releases original BSRD to client	Administrative Staff, IOD/3F, 5-Storey Building	1. Facsimile copy of the BSRD and/or authorization letter; 2. Valid ID of client's representative	

STEP NO.	CLIENT STEP	BSP ACTION	OFFICE RESPONSIBLE/ LOCATION	DOCUMENT(S) REQUIRED	DOCUMENT(S) GENERATED
12	a. Receive original BSRD, and sign releasing copy of IOD; b. Submit duly filled-out Client Satisfaction Survey		Administrative Staff, IOD/3F, 5-Storey Building		Original BSRD and Client Satisfaction Survey
<b>END OF TRANSACTION</b>					
<p><i>* Client shall be informed for any non-compliance and clarifications.</i></p>					



**Requirements:**

*For prior BSP approval of foreign/foreign currency loan/s:*

1. BSP approval shall be obtained prior to the signing of loan documents and/or drawdown of loan proceeds;
2. An application form must be submitted together with the required supporting documents and information;
3. Applications will be processed upon payment of processing fee to any participating bank and submission to IOD of copy of the official receipt (see Total Fees); and submission of complete documentary requirements.
4. For foreign loan applications involving amounts of more than US\$10 million, the proposed loan must be included in the client's Foreign Borrowings Plan which should be submitted to BSP every end-September for borrowings for the following year;
5. The proposed loan shall:
  - a. finance any of the eligible projects/activities under Section 25 of the FX Manual which, unless amended, shall be the following:
    - i. Export-oriented projects;
    - ii. Projects registered with the Board of Investments (BOI);
    - iii. Priority investment areas under the current Investment Priorities Plan (IPP);
    - iv. Activities listed in the current Medium-Term Public Investment Program (MTPIP);
    - v. Development of industrial estates and economic zones;
    - vi. Socialized/Low-cost housing projects;
    - vii. Acquisition of non-performing assets/loans (NPAs/NPLs) of banks and other government financial institutions (GFIs);
    - viii. Acquisition of government assets approved for privatization;

- ix. Other projects that may be declared priority under the country's socio-economic development plan by the National Economic and Development Authority (NEDA) or by the Congress;
- x. Refinancing of existing loans used for eligible projects/costs which are eligible for servicing using foreign exchange sourced from AABs or AAB-forex corps; and
- xi. Microfinance activities.

Short-term loans shall finance exclusively FX requirements of eligible projects, except as may be specifically allowed under the FX Manual. Medium- and long-term loans may finance FX costs as well as peso costs (excluding working capital) of eligible projects.

- b. have terms reflective of those prevailing in the international capital markets.

*For subsequent BSP registration of the prior-approved foreign/foreign currency loan*

1. Loan proceeds shall be used solely for the purpose/s as approved by the BSP;
2. Borrower should comply with the terms and conditions imposed under the BSP approval of the loan and/or pertinent provisions of the FX Manual; and
3. An application form must be submitted together with the required supporting documents and information within ten (10) banking days from drawdown date for short-term loans and three (3) months from utilization of loan proceeds for medium and long-term loans.