



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 471 Series of 2005

Pursuant to Monetary Board Resolution No. 75 dated 20 January 2005, the rules and regulations that shall govern the registration and operations of foreign exchange dealers/money changers and remittance agents are hereby issued as follows:

Section 1. Registration. Qualified persons or non-bank institutions wishing to act as foreign exchange dealers (FXDs)/money changers (MCs) and/or remittance agents (RAs) are required to register with the Bangko Sentral ng Pilipinas (BSP) before they can operate as such.

For this purpose, the term MCs, interchangeably referred to as FXDs, shall refer to those regularly engaged in the business of buying and/or selling foreign currencies.

RAs, on the other hand, shall refer to persons or entities that offer to remit, transfer or transmit money on behalf of any person to another person and/or entity. These include money or cash couriers, money transmission agents, remittance companies and the like.

Section 2. Application for Registration. The application for a certificate of registration to act as FXD/MC and/or RA, in the prescribed form (Annex A), must be duly supported by the following documents:

- a. Incorporation papers duly authenticated by the Securities and Exchange Commission (for *corporation/partnership*); or copy of the Certificate of Registration duly authenticated by the Department of Trade and Industry (for *single proprietorship*);
- b. Copy of business license/permit from the city or municipality having territorial jurisdiction over the place of establishment and operation;
- c. List of stockholders/partners/proprietor/directors/principal officers as the case maybe;
- d. Notarized Deed of Undertaking (Annex B) to strictly comply with the requirements of all relevant laws, rules and regulations, signed either by the owner, partner, president or officer of equivalent rank; and
- e. Any additional documents which the BSP may require from time to time.

FXDs/MCs and RAs existing prior to the effectivity date of this Circular may continue to operate as such provided that an application for registration supported by documents mentioned above has been filed within ninety (90) calendar days from effectivity date of this Circular.

PANANALAPING MATATAG, BANSANG PANATAG

A Certificate of Registration to act as FXD/MC or RA shall be issued by the BSP and shall become the basis for an electronic registry of all BSP-registered FXDs/MCs and RAs in the country.

Section 3. Applicability of Other Laws/Regulations. All FXDs/MCs and RAs are subject to the provisions of R.A. No. 7653 (The New Central Bank Act) and R.A. No. 9160 (Anti-Money Laundering Act of 2001, as amended by R.A. No. 9194) and its implementing rules and regulations, particularly on customer identification, record keeping and reporting of covered transactions and suspicious transactions as well as those which may hereafter be issued.

Section 4. Required Seminar/Training. Prior to the issuance of the Certificate of Registration, the officer(s) as well as the personnel directly involved in foreign exchange operations shall attend a seminar on the requirements of the anti-money laundering law particularly on customer identification, record keeping and reporting of covered and suspicious transactions to be conducted by the Anti-Money Laundering Council (AMLC) or by any of its recognized or accredited service providers. The provisions of this Section shall also apply to officers appointed after the issuance of the Certificate of Registration.

The officer(s) in-charge and the personnel who attended the required seminar shall echo the said training to all employees within thirty (30) calendar days from such attendance or as new employees are hired.

Section 5. Sale and Purchase of Foreign Currencies by FXDs/MCs. The following minimum procedures shall be observed on sale and purchase of foreign currencies by FXDs/MCs:

- a. Official receipts, in case of sales, and accountable forms in case of purchases, shall be issued in numerical order to evidence sale/purchase of foreign currencies;
- b. The amount of foreign currencies sold shall be indicated in the official receipts both in words and in figures. The staff serving the particular transaction as well as the person buying/selling foreign currency shall sign in their usual signatures on the receipt;
- c. A Daily Record of Foreign Exchange Transactions shall be maintained where all foreign exchange sale and purchase transactions shall be posted chronologically. The Daily Record shall be kept on file at the FXD/MC premises and shall be available for AMLC inspection/examination any time;
- d. All copies of cancelled receipts shall be marked and stamped "CANCELLED" for internal control purposes; and
- e. Foreign exchange transactions shall be conducted only at the entity's principal place of business and other authorized branches.

Section 6. Application to Sell/Purchase Foreign Currencies by FXDs/MCs. FXDs/MCs shall require the seller or buyer of foreign currency to fill up and sign an application form, which shall contain the following minimum data and information:

a. *For individual customers –*

1. Date
2. Printed name and signature of customer
3. Present address
4. Permanent address
5. Date and place of birth
6. Telephone number
7. Nationality
8. Amount and currency sold/purchased in words and figures
9. Source of foreign currency/ies or purpose of purchase

b. *For corporate/juridical customers –* In addition to a signed application containing the applicable information in a.1 to 9 above, photocopies of the following documents shall be required:

1. Articles of Incorporation/Partnership
2. By-Laws
3. Official address or principal business address
4. List of directors/partners/principal stockholders
5. Authority and identification of the person purporting to act in behalf of the client.

For subsequent transactions with the same corporate client, FXDs/MCs need not require submission of additional documents enumerated in b.1 to 5 unless there are changes thereto.

As a means of further identification, FXDs/MCs shall require the presentation of a government-issued identification document such as SSS/GSIS/voter's ID, driver's license or passport.

A sample of application to sell/purchase foreign currencies is shown in Annex C.

Section 7. Additional Requirement. FXDs/MCs shall require a notarized application together with supporting documents (Annex D) in case of sale of foreign exchange exceeding US\$5,000 or its equivalent to the same client. FXDs/MCs shall see to it that this limit on the sale of foreign exchange is not breached by the splitting of a foreign exchange purchase into smaller amounts so as to make it appear that the purchase does not violate the prescribed limit.

There is deemed to be splitting of foreign exchange if the FXD/MC sells foreign exchange to any one purchaser within a fifteen (15) banking day period,

in such individual amounts which, when combined, amount to more than US\$5,000 or its equivalent.

Section 8. Requirements for Remittance Agents. All RAs shall maintain accurate and meaningful originator information on funds transferred/remitted by requiring the sender/remitter to fill up and sign an application form, which shall contain the following minimum data and information:

a. *For individual customers -*

1. Date
2. Printed name and signature of remitter
3. Present address
4. Permanent address
5. Date and place of birth
6. Telephone number
7. Nationality
8. Amount and currency to be remitted
9. Source of foreign currency
10. Name of and relationship with beneficiary/ies

b. *For corporate/juridical customers -* In addition to a signed application containing the applicable information in a.1 to 10, a photocopy of the authority and identification of the person purporting to act in behalf of the client shall be required.

As a means of further identification, RAs shall require the presentation of a government-issued identification document such as SSS/GSIS/voter's ID, driver's license or passport.

For purposes of compliance with the requirements, an RA may rely on the referral of its office/correspondent bank abroad provided that the RA maintains a record of such referral together with the minimum identification, information/documents required under the law and its implementing rules and regulations.

Section 9. Reportorial Requirements. All FXDs/MCs and RAs are required to submit to the AMLC a report on covered transactions and suspicious transactions within five (5) banking days from the date of said transaction or from date the FXDs/MCs and RAs gained information that the transaction was done for the purpose of laundering proceeds of criminal or other illegal activities or from the time the FXDs/MCs and RAs had reasonably suspected that said transactions were entered into for the purpose of laundering proceeds of criminal and other illegal activities.

For this purpose, covered transactions shall refer to transactions in cash or other equivalent monetary instrument involving a total amount in excess of five hundred thousand pesos (P500,000.00) within one (1) banking day while

suspicious transactions are transactions, regardless of amount, where any of the following circumstances exists:

1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The client is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the client;
4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Anti-Money Laundering Act;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered institution;
6. The transaction is in any way related to an unlawful activity or any money laundering activity or offense under the Anti-Money Laundering Act that is about to be, is being or has been committed; or
7. Any transaction that is similar, analogous or identical to any of the foregoing.

Section 10. Sanctions. Monetary penalties and other sanctions for the following violations committed by erring FXDs/MCs and RAs may be imposed:

Nature of Violation/Exception	Sanctions/Penalties
1. Operating without prior BSP registration	Applicable penalties under Section 36 of R.A. No. 7653; Watchlisting of owners/partners/principal officers
2. Violation of any of the provisions of R.A. No. 9160 (Anti-Money Laundering Law of 2001 as amended by R.A. No. 9194) and its implementing rules and regulations	Applicable penalty prescribed under the Act.
3. Other violations of the provisions/requirements in this Circular	Penalties and sanctions which may be imposed by the AMLC

Section 11. Industry Association. Membership in an existing association of BSP-registered FXDs/MCs as well as RAs is hereby encouraged.

Section 12. Effectivity Clause. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or any newspaper of general circulation.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

January 21 2005

Name of Applicant

Address

Telephone No./Fax No.

Date

Bangko Sentral ng Pilipinas
A. Mabini St., Malate, Manila

Gentlemen:

We hereby apply for authority to act as (foreign exchange dealer/money changer or remittance agent). We are currently engaged in this business since ____ (if applicable).

In support of this application, we submit the following documents:

- Incorporation papers duly authenticated by the Securities and Exchange Commission (for corporation or partnership);

Copy of the Certificate of Registration with the Department of Trade and Industry (for single proprietorship);
- Copy of business license/permit from the city or municipality having territorial jurisdiction over the place of establishment and operation;
- List of stockholders/partners/proprietor/directors/principal officers as the case maybe;
- Notarized Deed of Undertaking (Annex B) to strictly comply with the requirements of all relevant laws, rules and regulations, signed by the owner, partner, president or officer of equivalent rank.

Very truly yours,

(Signature of authorized officer
over printed name)

Designation

Name of Applicant

Address

Telephone No./Fax No.

DEED OF UNDERTAKING

I, (name and designation), of legal age and under oath, declare the following:

1. That I have been duly authorized by (name of institution) and its Board of Directors/Partners/Owners to bind (name of institution) to strictly comply with all the requirements, rules and regulations of the Bangko Sentral ng Pilipinas regarding the registration and operations of foreign exchange dealers/ money changers/ remittance agents as well as the provisions of the Anti-Money Laundering Act of 2001 (R.A. No. 9160, as amended by R.A. No. 9194) and its implementing rules and regulations.
2. That I certify that (name of institution) undertakes to strictly comply with all the requirements, rules and regulations of the Bangko Sentral ng Pilipinas regarding the licensing and operations of foreign exchange dealers/money changers/remittance agents as well as with all the provisions of the Anti-Money Laundering Act of 2001 (R.A. No. 9160) and its implementing rules and regulations;
3. That I certify that (name of institution), through and with full knowledge and agreement of its Board of Directors/Partners/ Owners, understands and accepts that in case of violations of any of the aforementioned laws, rules and regulations, (name of institution) and its Board of Directors/Partners/Owners/Stockholders/Officers/employees responsible for such violation/s shall be subject to the administrative sanctions prescribed under Section 36 of R.A. No. 7653, otherwise known as the "New Central Bank Act" and other applicable laws, rules and regulations.

(Signature over printed name)

Designation

Subscribed and sworn to before me this _____ of _____, 2002,
affiant exhibiting to me his/her Community Tax Certificate No. _____
issued at _____ on _____.

NOTARY PUBLIC

Name of Foreign Exchange Dealer/Money Changer/Remittance Agent

Address

APPLICATION TO SELL/PURCHASE FOREIGN CURRENCY

1. Date : _____
2. Printed Name of Customer : _____
3. Signature : _____
4. Present Address : _____
5. Date and Place of Birth : _____
6. Telephone Number : _____
7. Nationality : _____
8. Currency Sold/Purchased : US Dollar _____ Others (specify)
9. Amount Sold/Purchased : In figures _____
In words _____
10. Source of Foreign Currency
 - _____ OFW/Balikkbayan/Returning Resident
 - _____ Tourist
 - _____ Expatriate based in the Philippines
 - _____ Foreign Currency Deposit Account Holder
 - _____ Domestic Resident – Excess Travel Funds
 - _____ Others (please specify) _____
11. Purpose of Purchase _____

Minimum Documentary Requirements For the Sale of Foreign Currencies

A. Sale of foreign exchange for non-trade purposes under Section 2 of Circular No. 1389 s. 1993, as amended	
Purpose	Documents Required
1. Travel Funds (only for permanent residents of the Philippines)	<p>Presentation of applicant's passport, and/or passenger ticket, copies of which shall be retained.</p> <p>For travel funds over US\$5,000, the following shall be additionally required:</p> <ol style="list-style-type: none"> a. Copy of applicant's/Sponsor's Income Tax Return (ITR) duly stamped by the BIR; or b. Travel authority from the applicant's company/office/agency if he is being sponsored by said company/office/agency; and c. Invitation from foreign sponsoring institution, if applicable.
2. Educational Expenses/ Student Maintenance	<ol style="list-style-type: none"> 1. Statement of enrollment or acceptance by the school abroad; 2. School bills/statements of account covering tuition and other school fees; and/or 3. Applicant's notarized certification that he is not under scholarship, or if under scholarship, a notarized certification that the amount applied for is to cover his expenses, not being covered by the scholarship.
3. Correspondence Studies AABs/NBBSEs/Forex Corp. may sell foreign exchange to cover tuition fees for correspondence studies, which shall be directly remitted to the correspondence school. Issuance of draft may be payable to the correspondence school.	<ol style="list-style-type: none"> 1. Proof of admission or enrollment in correspondence school; and/or 2. Billings from the school abroad which shall include assessment of fees and other charges related to the course.
4. Medical Expenses	<ol style="list-style-type: none"> 1. Travel documents of patient; and/or 2. Certification issued by hospital abroad on the treatment to be administered to the patient including cost estimate; or statement of account with the hospital/bills of expenses from hospital/treatment center abroad, whichever is

	applicable.
<p>5. Support of Dependents Abroad AABs may sell foreign exchange covering the monthly living allowance abroad of a child not more than 21 years of age, spouse or parent of a Philippine resident.</p>	<ol style="list-style-type: none"> 1. Consular certificate or its equivalent documents to prove that the dependent is residing abroad dated not earlier than one year from FX application date; and 2. Certified true copy of birth certificate, marriage contract, adoption papers, whichever is applicable, to prove that dependent is the wife, husband, child or parent of the remitter applicant;
<p>6. Emigrants' Assets</p>	<ol style="list-style-type: none"> 1. Proof of residence of emigrant/beneficiary abroad; 2. Proof of ownership of the asset(s) by emigrant/beneficiary abroad; 3. In case of income from real properties, a statement of rentals/income earned; 4. In case of transfer of proceeds of capital assets, copy of deed of sale; 5. In case of capital transfer of testate and intestate inheritance and legacies: <ol style="list-style-type: none"> a. Copy of court order approving the partition and distribution of estate; b. Copy of the extra-judicial settlement and partition duly registered with Register of Deeds. 6. For transfer of proceeds of life insurance benefits, proof of receipt of the proceeds of the policy; 7. For remittance of proceeds of sales of personal property, copy of deed of sale; 8. In case of transfer of proceeds of sale of shares of stock, deed of sales or broker's sales invoice; and 9. In case of retirement benefits, evidence of receipt of retirement benefits.
<p>7. Salary/bonus/dividend/other benefits of foreign expatriates (including peso savings)</p>	<ol style="list-style-type: none"> 1. Employment contract/Certification of employer on the amount of compensation paid to the foreign national during the validity of the contract stating whether the same had been paid in foreign exchange; 2. Photocopy of the ACR and DOLE Alien Employment Permit of the foreign national; and 3. If amount to be remitted comes from sources other than salaries, information regarding the sources supported by appropriate documents should be submitted.
<p>8. Producers' Share in Movie Revenue/TV Film Rentals</p>	<ol style="list-style-type: none"> 1. Statement of remittable share rental; and 2. Copy of distributorship contract.
<p>9. Commissions on Exports due Foreign Agents</p>	<ol style="list-style-type: none"> 1. Agency agreement; and 2. Agent's Statement of Account/Computation of commission in accordance with agency agreement.
<p>10. Freight Charges on</p>	<ol style="list-style-type: none"> 1. Bills/Statements of account on freight charges; and

Exports/Imports	2. Copy of Bill of Lading.
11. Foreign Advertising Costs	1. Copy of advertising agreement; and 2. Original statement of accounts or bills or invoices.
12. Subscriptions to foreign magazines or periodicals	Billing/Statement of Account.
13. Charters and Leases of Vessels/Aircrafts and other types of leases.	1. Charter or Lease of Vessels/Aircrafts or lease agreement; and 2. Billing/Statement of Account
14. Membership dues and registration fees to associations abroad	1. Proof of membership in the foreign or international association; and 2. Billings for membership dues/registration fees.
15. Port Disbursements abroad of aircraft and vessels of Philippine registry or chartered/leased by domestic operators.	1. Copy of contract or agreement; and 2. Statement of accounts/bills/invoices.
16. Mail fees/International settlement of accounts for telegraph, telegram, radio, satellite and other communication facilities.	1. Copy of contract or agreement; and 2. Statement of account/bills/invoices.
17. Salvage fees	1. Copy of contract for salvage services; and 2. Statement of accounts/bills/invoices.
18. Income taxes due to Foreign Governments from foreign nationals	1. Copy of DOLE-approved contract of employment; and 2. Copy of income tax return covering the income tax payment sought to be remitted.
19. Services/Consultancy/ Management/ Marketing/Distributorship Fees with foreign firms or individuals	1. Copy of the pertinent agreement; and 2. Statement/Computation of fees due.
20 Retainers' Fees Foreign exchange payments by residents to foreign professionals acting as liaison, counsel, agent or representative abroad	1. Copy of the agreement /contract; and 2. Billings/invoices from the beneficiary.
21. Insurance/Reinsurance Premium	Billings/Invoices from foreign insurer/reinsurer
22. Claims for losses and other payments of insurance companies/brokers abroad	Billings/Invoices of insurance companies/brokers abroad.
23. Net Peso Revenues of Foreign Airlines/Shipping Companies	1. Copy of the General Sales Agency Agreement or certified copy of the Bilateral Air Agreements; and 2. Statement of Net Peso Revenues (Peso Receipts less Disbursements) for the period covered by the remittance.
24. Royalty/Copyright/Franchise/ Patent/Licensing Fees	1. Copy of Contract/agreement; and 2. Statement/Computation of the Royalty/Copyright/Patent/Licensing fee.

25. Remittance of Net Peso Revenue collected by embassies of foreign countries	Certification from the Ambassador/Embassy authorized officer that the Peso amount applied for conversion to foreign currency is net of local expenses.
26. Payment of FX obligations by Philippine credit card companies to international credit card companies (e.g. Visa International and Mastercard International) including peso collection from local credit card holders as payment of bills received from non-resident merchants and other fees/charges.	<ol style="list-style-type: none"> 1. Settlement report from international credit card companies identifying the nature of various obligations; 2. Schedule showing summary of the foreign currency billings received from international credit card companies abroad and the corresponding peso collection thereof; and 3. Letter of undertaking or sworn certification stating that local credit card company has not purchased foreign exchange in excess of the amount of their foreign currency requirement.
<p>B. Sale of Foreign Exchange for payment of foreign currency loans covered by Sections 22 to 31 of Circular 1389 s. 1993, as amended</p>	
Foreign Currency Loan Payments	Documents should all be originals unless otherwise indicated. FXDs/MCs shall indicate sale of FX on the prescribed documents
1. Medium/Long-term Foreign currency Loans (with original maturities of over 1 year)	<ol style="list-style-type: none"> 1.a BSP registration letter and accompanying "Schedule of Principal and Interest Payments on BSP-registered Foreign Credits (Schedule RA-2); and where applicable, "Schedule of Payment for Fees & Other Charges on BSP-Registered Foreign Loan" (Schedule RA-2.1). The FX selling FXDs/MCs shall duly fill up the originals of the appropriate schedules to record the FX sale; and 1.b Copy of billing statement from creditor. Amounts that may be purchased shall be limited to maturing amounts on schedules due dates indicated in the registration letter. Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced, unless otherwise approved by the BSP. <p>or:</p> <ol style="list-style-type: none"> 2.a BSP letter-authority for the borrower to purchase FX to service specific loan account/s and where applicable, the "Schedule of Foreign Exchange Purchases from the Banking System". The FX selling FXDs/MCs shall record the date/s and amount/s of FX sold on the original BSP letter-authority or where there is an accompanying schedule for FX purchases, on the original of such schedule; and 2.b Copy of billing statement from creditor. Amounts that may be purchased shall be limited to the unutilized balance of the letter-authority. Remittance of FX purchased shall coincide with the due dates of the

obligations to be serviced, unless otherwise approved by the BSP.

2. Short-term Foreign Currency Loans (with original maturity of up to 1 year)

a. Loans from offshore creditors (banks and non-banks)

1.a. BSP approval or registration letter showing loan terms and borrower's receiving copy of its report on the short-term loans submitted to BSP's International Operations Department (IOD). **The FX selling FXDs/MCs shall stamp "FX SOLD", the date's of sale and the amount/s involved on the original BSP approval/registration letter;** and

1.b Copy of billing statements from creditor.
Amounts that may be purchased shall be limited to: (a) amounts/rates indicated in the BSP approval or registration letter; or (b) the outstanding balance of the loan indicated in the report, **whichever is lower.** Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced, unless otherwise approved by the BSP.

b. Loans from FCDUs/OBUs

1.a BSP approval or registration letter showing loan terms or certification from the lending bank on the amount outstanding. **The FX selling FXDs/MCs shall stamp "FX SOLD", the date/s of sale and the amount/s involved on the original BSP approval/registration letter or bank certification;** and

1.b Copy of billing statement from creditor.
Amounts that may be purchased shall be limited to : (a) amounts/rates indicated in the BSP approval or registration letter; or (b) the outstanding balance of the loan indicated in the bank certification, **whichever is lower.** Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced, unless otherwise approved by the BSP.

OR:

2.a For loans not requiring BSP approval/registration, promissory note (PN) certified as true copy by the Head of the lending bank's loans department and certification from the lending bank:

i. on the principal amount still outstanding;

	<ul style="list-style-type: none"> ii. that the loan is eligible for servicing with FX purchased from the banking system in line with existing regulations; iii. that loan was used to finance trade transactions (as well as pre-export costs in the case of FCDU loans of exporters) of the borrower; and iv. the date when the loan account has been reported to the appropriate BSP department/office under the prescribed forms. This may be dispensed for new loans which may not have been reported yet to BSP as of date of application to purchase FX. <p>The FX selling FXDs/MCs shall stamp "FX SOLD", the date of sale and the amount/s involved on the original certification from the lending bank; and</p> <p>2.b Copy of billing statement from creditor. Amounts that may be purchased shall be limited to amounts/rates indicated in the bank certification or PN, whichever is lower. Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced, unless otherwise approved by the BSP.</p> <p>Note: For unregistered foreign currency loans/obligations to non-resident financial institutions and FCDU loans not eligible to be serviced with FX purchased from the banking system outstanding as of 27 October 2000 but which may be serviced by FXDs/MCs, copies of the following documents shall be required:</p> <ul style="list-style-type: none"> a. Loan agreement/promissory notes; and b. Billing statements from creditor.
<p>C. Sale of FX for capital repatriation/remittance of dividend/profits/earnings and outward investments under Sections 32 to 44 of Circular 1389 s. 1993, as amended</p>	
<p>1. Capital Repatriation of:</p> <ul style="list-style-type: none"> a. Investment in PSE-Listed securities 	<ul style="list-style-type: none"> 1. If directly registered with BSP or if the selling/remitting bank is the registering custodian bank: <ul style="list-style-type: none"> a. Broker's sales invoice; and b. Original Bangko Sentral Registration Document (BSRD). 2. If the selling/remitting bank is not the registering custodian bank: <ul style="list-style-type: none"> a. Broker's sales invoice; and
	<ul style="list-style-type: none"> b. Original Bangko Sentral Registration Document (BSRD). 2. If the selling/remitting FXD/MC is not the registering