

FREQUENTLY ASKED QUESTIONS (FAQs) ON BANGKO SENTRAL NG PILIPINAS (BSP) FOREIGN EXCHANGE (FX) REGULATIONS¹ COVERING GENERAL PROVISIONS AND OTHER FX TRANSACTIONS

I. GENERAL PROVISIONS

1. *Are clients required to submit a duly accomplished Application to Purchase (ATP) FX form regardless of the amount of foreign currency to be purchased?*

Yes. Under Part One, Chapter I (General Provisions) of the FX Manual, a duly accomplished ATP FX form (Annex A of the FX Manual) shall be submitted to banks, regardless of the amount of foreign currency to be purchased by the client to service eligible underlying FX transactions. The duly accomplished ATP FX form shall be submitted to banks on or before: (a) deal/trade date for spot transactions; or (b) settlement date for FX forward and swap transactions, either in hard copy or electronic form.

2. *Why is there a need to present/submit supporting documents before foreign currency can be purchased?*

Supporting documents evidence the existence of legitimate outstanding FX transactions that may be serviced using FX resources of the banking system in accordance with existing policy. However, residents may purchase FX for non-trade current account and trade purposes² without the need to present supporting documents if said purchase does not exceed USD500,000 (for individuals) and USD1 million (for corporates/other entities) or its equivalent in other foreign currency per client per day, subject to banks' "Know Your Customer" (KYC) policy. FX purchases in excess of these amounts for non-trade current account and trade purposes require the presentation/submission of pertinent documents as provided under Sections 2 and 6 of the FX Manual.

3. *Does the BSP allow submission of applications and/or supporting documents through electronic means?*

Yes. As provided under item 4, Part One, Chapter I of the FX Manual, clients may submit their applications and/or supporting documents to the BSP or to

¹ a) These pertain to the rules on FX transactions under the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended, specifically on general provisions, resident-to-resident FX transactions, non-trade current account transactions, peso deposit accounts of non-residents, cross-border transfer of local and foreign currencies, trade transactions, and FX forwards and swaps. The FX Manual may be downloaded from the BSP website using the following links:

FX Manual: <https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT.pdf>

Forms, Annexes and Appendices: <https://www.bsp.gov.ph/SitePages/Regulations/DownloadSection.aspx>

b) Please refer to the following separate FAQs on FX transactions:

(i) FAQs on Public Sector Foreign Borrowings;

(ii) FAQs on Private Sector Foreign Borrowings;

(iii) FAQs on the Compilation and Reporting of the Philippines' Outstanding External Debt; and

(iv) FAQs on Inward Foreign and Outward Investments.

The abovementioned FAQs and issuances may be downloaded from the BSP website using the following link:

<https://www.bsp.gov.ph/SitePages/Regulations/DownloadSection.aspx>

² Except for FX purchases by residents for settlement of non-trade current account and trade obligations involving netting arrangements and/or e-commerce market participants, which require documentation regardless of amount involved.

authorized agent banks (AABs)/AAB subsidiary/affiliate forex corporations (AAB forex corps) through electronic means to the following email addresses:

Applications		Email addresses
Applications for submission to BSP	For approval of public sector foreign/foreign currency loans/borrowings	iod-iog1@bsp.gov.ph
	For approval/registration of private sector foreign/foreign currency loans/borrowings	iod_loans@bsp.gov.ph
	For registration of inward foreign investments under Section 36 of the FX Manual	iod_investments@bsp.gov.ph
	For other requests	Head of the BSP - International Operations Department (IOD) at iod-ipds@bsp.gov.ph ³
Applications for submission to AABs/AAB forex corps	For registration of inward foreign investments under Section 37 of the FX Manual	Through official email/electronic/digital channel/system designated by banks
	For sale of FX covering FX transactions ⁴	

4. Who should send applications/requests to the BSP-IOD through electronic means?

Applications for approval/registration of foreign/foreign currency loans/borrowings/inward investments shall be sent by the borrower (for loans) and investor/investee firm (for investments). In case another person/entity will send applications/requests to the BSP-IOD on behalf of the applicant, the duly authorized representative shall include a signed authorization letter executed by the borrower/investor/investee (as applicable).

5. Are clients required to submit to the BSP a separate attestation for electronic submission of applications and/or related supporting documents under item 4 of Part One, Chapter I of the FX Manual?

The required attestation (indicated under item 4 of Part One, Chapter I of the FX Manual) for electronic submission to the BSP of applications/supporting documents for approval/registration of foreign/foreign currency loans/borrowings and foreign investments with wet/electronic/digital signatures is already embedded in the application forms (i.e., Annexes D.1, D.2.A, D.2.B and W of the FX Manual), including notice/notification to the BSP using Annex E.3 of the FX Manual. Hence, no separate attestation is needed/required in this case.

On the other hand, the electronic submission of the following cases shall be accompanied by a separate attestation under item 4 of Part One, Chapter I of the FX Manual:

- Supporting documents for other requests to the BSP not covered above; and
- Applications for approval/registration of foreign/foreign currency loans/borrowings and foreign investments without the required electronic/digital signatures.

³ For requests for authority for cross-border transfer of legal tender Philippine currency in excess of PHP50,000, the client may send an email to iod-iog1@bsp.gov.ph.

⁴ The documents submitted electronically shall be retained for a period of at least five (5) years from the time of submission thereof.

6. *Who shall transmit the required separate attestation in case the electronically submitted BSP-IOD application form is unsigned?*

The officer/official authorized to submit the application form shall transmit to the BSP-IOD the required separate attestation pursuant to item 4, Part One, Chapter I of the FX Manual.

For instance, for private sector borrowers, the separate attestation shall be submitted by an officer with a rank equivalent to at least Head of the agency/ President/Chief Executive Officer/Chief Operating Officer/Chief Finance Officer/Chief Treasury Officer. Otherwise, the submitting party shall be duly authorized by the Board of Directors or any of the foregoing/appropriate approving authority or its equivalent.

7. *Do stakeholders still need to claim the original hardcopy of BSP-IOD documents issued in electronic form during the effectivity of Circular No. 1080 dated 27 March 2020?*

No. With the adoption as a permanent policy of the electronic issuance of documents by BSP-IOD, documents issued in electronic form during the effectivity of Circular No. 1080 covering outstanding transactions [e.g., BSP letter-approval, provisional Bangko Sentral Registration Documents (BSRDs)] shall remain valid even after the period covered by said Circular. Hence, the BSP shall no longer issue original hardcopies to replace the electronically-issued BSP documents.

8. *Are AABs/AAB forex corps required to verify again the authenticity of BSP-IOD documents which have already been confirmed authentic by BSP-IOD during the effectivity of Circular No. 1080?*

No, provided that the specific Head Office/branch of the AAB/AAB forex corp has already previously verified with BSP-IOD during the effectivity of Circular No. 1080 the authenticity of the same BSP-IOD document issued in electronic form.

9. *What are the exemptions to the required verification for BSP-issued documents in electronic form?*

Under Part One, Chapter I (General Provisions) of the FX Manual, the required verification of authenticity of documents shall not apply to the following:

- a. Documents issued by the BSP before 27 March 2020;
- b. Documents issued by registering AABs on behalf of the BSP [i.e., BSRD, BSRD Letter Advice (BSRDLA)], regardless of date of issuance; and
- c. Subsequent submission by the client to the Head Office/same branch of AAB/AAB forex corp which previously verified the same documents with the BSP, as applicable.

10. *Can all forms/documents required under the FX Manual be digitized/electronically-generated?*

The following forms/documents may be digitized⁵/electronically-generated⁶ by AABs/AAB forex corps/clients provided that all the required information/contents as provided under the FX Manual are duly included therein:

1. ATP FX form (Annex A)⁷;
2. Certificate of Inward Remittance (CIR) of FX (Appendix 10.1)⁸;
3. Letter Advice (Appendices 10.3A and 10.3B)⁹; and
4. Invoices/billing statements and other supporting documents for sale of FX.

However, in the case of the CIR of FX (Appendix 10.1), the digitized form shall be in the same format of Appendix 10.1 containing, among others, the form and version number, and effectivity date of the form.

On the other hand, only the BSP may digitize/electronically-generate the application forms for:

1. Approval of Public Sector Foreign/Foreign Currency Loans/Borrowings (Annex D.1);
2. Approval of Publicly-guaranteed Private Sector Foreign/Foreign Currency Loans/Borrowings (Annex D.2.A.);
3. Registration of Private Sector Foreign/Foreign Currency Loans/ Borrowings (Annex D.2.B); and
4. Registration of Foreign Investments (Annex W).

11. *What equivalent document/s may be submitted for FX sale covering various transactions?*

To provide more flexibility to stakeholders, the BSP allowed submission of equivalent document/s to support FX sale for various FX transactions. For this purpose, the equivalent document/s shall contain the pertinent information (e.g., amount, transacting parties, due date) in the documents listed under the pertinent Appendices of the FX Manual. This is to allow the banks to ascertain the legitimacy/eligibility of the transactions and accordingly report the transactions to the BSP.

⁵ Digitized forms/documents pertain to those that may be electronically-generated through a system/electronic platform.

⁶ Forms/documents that are duly filled-out and subsequently generated through a system/electronic platform. As such, blank excel files and portable document format (pdf) files generated through a system which will subsequently be filled-out and electronically submitted by the client are not considered digitized/electronically-generated even if the files were created by the AABs/AAB forex corps and explicitly state that "This form/document is electronically-generated and does not require signature."

⁷ Clients are not allowed to digitize/electronically-generate this form/document unless: (a) the system/electronic platform of the client is integrated with that of the AAB/AAB forex corp; and (b) the generation of the duly accomplished forms may be done by the AAB/AAB forex corp.

⁸ May be digitized/electronically-generated by AABs/AAB forex corps only

⁹ May be digitized/electronically-generated by registering AABs only

12. *Can AABs/AAB forex corps require documents/information other than those required under the FX Manual?*

Yes. Apart from the minimum documentary requirements provided under the FX Manual, AABs/AAB forex corps are not precluded from requiring additional document/information as part of their implementation of their KYC policy and conduct of due diligence to establish the legitimacy of the transaction (including compliance with applicable laws, rules and regulations pursuant to item 2 of Part One, Chapter I of the FX Manual).

13. *Does the BSP require banks to sell foreign currency only to clients who have a deposit account with them?*

No. The BSP does not impose any requirement that banks may only sell foreign currency to clients who have a deposit account with them. The BSP only requires FX transactions to be compliant with applicable laws, rules and regulations, including the banks' KYC policy. Foreign currency selling banks may adopt internal policies in order to comply with these laws, rules and regulations and are expected to exercise due diligence to ensure compliance therewith.

14. *Is prior BSP approval/clearance required for receipt of incoming FX funds?*

Generally, prior BSP approval/clearance is not required for receipt of incoming FX funds. However, the entry of FX funds shall be subject to banks' KYC policy and other applicable laws, rules and regulations. Moreover, inward remittance of FX intended for foreign loans and investments shall be subject to the rules and regulations governing the underlying loan/investment transaction.

15. *Are banks allowed to hold or defer the processing of the remittances if the purpose of remittance is not disclosed by the client?*

Yes. As part of the implementation of their KYC policy and conduct of due diligence, banks should ensure that the purpose of the remittance is duly declared by the client. This will allow the banks to ascertain the legitimacy/eligibility of the underlying transactions and accordingly report the transactions to the BSP and to other concerned agencies. Moreover, for remittances involving FX sale, the client is required to disclose the purpose of FX purchase and remittance in the ATP FX form. Banks shall not sell FX to clients for subsequent remittance if any of the required information under the ATP FX form is not duly disclosed by the client.

16. *Are AABs/AAB forex corps allowed to sell FX to residents for netting arrangement regardless of underlying transaction?*

No. AABs/AAB forex corps are only allowed to sell FX for the following underlying transactions involving offsetting of payables and receivables: (a) resident to resident FX transactions (except foreign currency loans); (b) non-trade current account transactions; and (c) trade transactions. Such offsetting of payables and receivables shall not involve foreign/foreign currency loans and investments.

II. RESIDENT TO RESIDENT TRANSACTIONS, TRADE AND NON-TRADE CURRENT ACCOUNT TRANSACTIONS

17. *Who are considered as e-commerce market participants under the FX Manual? Relatedly, what are the documentary requirements to allow purchase of FX from the banking system for e-commerce transactions?*

E-commerce market participants, as defined under the FX Manual, refer to entities (excluding actual end-user of goods/services) involved in transactions using electronic means, such as through the internet or other computer-mediated networks. Such e-commerce market participants may either be residents or non-residents.

Depending on the nature of the underlying transactions (e.g., resident to resident transactions, trade transactions), e-commerce market participants may purchase FX from the banking system, subject to the submission of documentary requirements (such as transaction summary report) indicated under Appendices 1 and 1.5 of the FX Manual, as applicable.

18. *Is there a format for the netting statement required to support purchase of FX for netting arrangements involving unrelated parties?*

While there is no prescribed format for the netting statement required under Appendices 1 and 1.5 of the FX Manual for netting arrangements involving unrelated parties, such document shall contain details of all the payables and receivables under the said arrangement and may be patterned after Annex Z.1¹⁰ (Statement of Receivables and Payables under Intercompany Netting Arrangements) of the FX Manual.

19. *Are all intercompany netting arrangements required to be reported under Annex Z of the FX Manual?*

No. Only intercompany netting arrangements covering imports and exports of goods and related services funded by FX resources of the banking system shall be reported under Annex Z of the FX Manual. All other intercompany netting arrangements [i.e., those involving: (a) resident to resident transactions; and (b) trade in goods and unrelated services] need not be reported under Annex Z of the FX Manual.

20. *Are netting arrangements involving unrelated parties also required to be reported to the BSP?*

Yes. Netting arrangements involving unrelated parties are required to be reported under the relevant schedules of FX Form 1/1A in line with: (a) item 6 of Part One, Chapter I; (b) item 2 of Part One, Chapter II; and (c) Sections 2 and 6 of the FX Manual, as applicable.

¹⁰ Prescribed format only in the case of intercompany netting transactions covering imports/exports of goods and related services.

III. TRADE AND NON-TRADE CURRENT ACCOUNT TRANSACTIONS

21. *Can FX sold for trade and non-trade current account transactions be remitted to a non-resident or resident intended beneficiary?*

Yes. FX sold may be remitted to any intended beneficiary regardless of residency, provided that there is a document (covering the same underlying transaction) indicating that the payments intended for the ultimate beneficiary should be made to the specific intended beneficiary. For instance, FX sold may be remitted to: (a) a non-resident payment/treasury center/hub, collection agent, e-commerce market participant (e.g., payment system operators, payment service providers/aggregators); or (b) a resident intended beneficiary for trade and non-trade current account transactions. However, banks are expected to implement their KYC policy and conduct due diligence to ascertain that any remittance to the intended beneficiary will only be made for the declared purpose.

22. *Are banks required to report individual transactions covered by: (a) netting arrangements; and (b) Engineering, Procurement and Construction (EPC) contracts or similar contracts/arrangements, where the supporting documents presented/submitted indicate amounts that are not disaggregated?*

For FX sale for netting arrangements, banks shall require their clients to submit netting statements (which indicate all the payables and receivables), as required under Appendices 1 and 1.5 of the FX Manual, to allow the bank to report the individual transactions as indicated in the netting statement.

On the other hand, for FX sale for EPC contracts or similar contracts/arrangements where the clients submitted supporting documents with amounts that are not disaggregated, banks are encouraged to request for granular information to allow the bank to report the individual transactions under the relevant schedules of FX Form 1/1A. If the breakdown is not available, the applicable reporting under FX Form 1/1A will depend on the primary transaction indicated in the document. For instance, if the contract primarily involves services, then the transaction shall be reported under Schedule 5 of FX Form 1/1A.

IV. RESIDENT-TO-RESIDENT FX TRANSACTIONS

23. *Are banks allowed to sell foreign currency to residents intending to purchase instruments (including bonds/securities) issued by other residents offshore?*

Yes. Banks may sell foreign currency to residents for investment in instruments issued offshore by other residents, subject to documentation (regardless of amount involved) pursuant to rules governing resident-to-resident FX transactions under Part One, Chapter II of the FX Manual which apply to transactions between residents as in the instant case where the investor and issuer are both residents.

V. NON-TRADE CURRENT ACCOUNT TRANSACTIONS**24. *Are foreign currency receipts of residents from non-trade sources required to be inwardly remitted and sold for pesos?***

No. Section 1 of the FX Manual allows FX receipts, acquisitions or earnings of residents from non-trade sources to be used freely for any purpose. Such proceeds may, at the option of said residents, be sold for pesos, retained or deposited in foreign currency accounts (whether in the Philippines or abroad).

25. *Is BSP approval required in returning foreign currency-denominated proceeds from a grant/donation provided by a foreign principal?*

No. The FX Manual has no prohibition on the remittance of proceeds from a grant/donation provided by a foreign principal denominated in foreign currency. The transaction, however, must be compliant with other applicable laws, rules and regulations, including anti-money laundering rules.

Should there be a need to purchase FX from the banking system for the refund of unused foreign grant by/aid from non-residents, such foreign grant/aid should have been funded by inward remittance of FX that was converted to pesos through AABs to allow purchase of FX from AABs/AAB forex corps for such purpose.

VI. PESO DEPOSIT ACCOUNTS OF NON-RESIDENTS**26. *Are peso deposit accounts of non-residents allowed to be funded by onshore peso receipts of non-residents for services rendered to residents?***

Yes. Peso deposit accounts of non-residents are allowed to be funded by onshore peso receipts arising from services rendered by non-residents to residents as listed under Part II of Appendix 1 of the FX Manual, **except** for other purposes listed therein which are not services by nature such as living allowance of dependents of a Philippine resident (i.e., child, spouse or parent) abroad.

27. *Are Overseas Filipinos (OFs) allowed to open peso deposit accounts in the Philippines funded by inward remittances of foreign currencies from their salaries abroad to pay for expenses in the Philippines and/or as savings? If yes, what supporting documents should be presented? Can these peso funds be converted back to foreign currency?*

Yes. Resident and non-resident OFs may open peso deposit accounts in the Philippines funded by inward remittances of foreign currencies from their salaries abroad. Section 3.1 of the FX Manual allows non-resident OFs [i.e., those residing abroad for more than one (1) year] to open and maintain a peso deposit account with banks operating in the Philippines, subject to documentation prescribed in Appendix 1.1 of the FX Manual for initial and subsequent deposits thereto (regardless of amount involved). Peso funds deposited in the account may be used for whatever purpose.

Should the non-resident OF decide to convert to foreign currency the funds in the peso deposit account, Section 3.2.a of the FX Manual allows banks to sell foreign currency up to the amount equivalent to the balance (including accrued interest thereon) of the peso deposit account of non-residents, subject to the requirements of said Section.

28. *Are pension and other benefits of non-resident members of Social Security System (SSS) and Government Service Insurance System (GSIS) under applicable laws allowed to be deposited in peso deposit accounts of non-residents?*

Yes. Pension and other benefits of non-resident members of SSS and GSIS will fall under item b.ii of Section 3.1 of the FX Manual pertaining to properties in the Philippines allowed to be owned by non-residents under existing laws. As such, peso receipts accruing from said source are allowed to be deposited in said accounts without prior BSP approval, subject only to submission of the applicable documentary requirements under Appendix 1.1 of the FX Manual for initial and subsequent deposits thereto (regardless of amount involved).

29. *Are peso deposit settlement/clearing accounts of affiliates and subsidiaries of foreign banks with a local branch subject to the regulations under Section 3 of the FX Manual?*

Yes. Only settlement/clearing accounts of a foreign bank (including other bank branches) with its local branch are excluded from the regulations under Section 3 of the FX Manual considering that affiliates and subsidiaries of foreign banks are separate entities.

30. *Are non-resident peso deposit accounts allowed to be funded by PHP from another non-resident peso deposit account?*

Yes. The non-resident peso deposit account may be funded by transfers from another non-resident peso deposit account (regardless of the account owner), provided that the minimum documentary requirements under Appendix 1.1 of the FX Manual are also submitted for initial and subsequent deposits to the receiving bank regardless of amount involved. However, banks are expected to implement their KYC policy and conduct due diligence to ascertain that the actual purpose of the transfer will not cover transactions other than the declared purpose.

31. *Are payments coursed through e-commerce market participants relating to services rendered by non-residents to residents allowed to be deposited in the non-resident account under Section 3.1 of the FX Manual?*

Yes. Payments relating to services are not limited to service fees payable to e-commerce market participants. As such, payments for services enumerated under Appendix 1 of the FX Manual which will be payable to a non-resident e-commerce market participant may still be deposited in its non-resident peso account pursuant to item c.i of Section 3.1 of the FX Manual.

The supporting documents for initial and subsequent deposits to the account for services-related peso receipts coursed through e-commerce market participants (including service fees due to the non-resident e-commerce market participants) are indicated under item II.26 of Appendix 1 of the FX Manual.

32. *Can non-resident e-commerce market participants (e.g., payment service provider/aggregator) open a peso deposit account which will be funded by peso sales proceeds received from resident buyers of online merchandise and/or digital products/apps sold by non-resident merchants?*

Yes. Said transaction is an eligible source of funding for peso deposit accounts of non-residents pursuant to item c [onshore peso receipts of non-residents from residents for: (i) services rendered by non-residents to residents; and (ii) trade transactions] of Section 3.1 of the FX Manual. The initial and subsequent deposits to the non-resident peso deposit account shall be subject to the documentary requirements under item 5 (for merchandise and digital products/apps in CDs/ media devices) and item 4 (for digital products/apps not in CDs/media devices) of Appendix 1.1 of the FX Manual.

33. *Are erroneously remitted funds by non-residents relating to investments, trade, non-trade current account transactions and loans allowed to be deposited in the non-resident peso account?*

No. While Circular No. 1124 dated 10 August 2021 expanded the list of eligible sources of funding for peso deposit accounts of non-residents under Section 3.1 of the FX Manual, said list does not include erroneous remittances to preclude circumvention of other FX policies. Banks should conduct due diligence to ascertain that there is a valid underlying transaction and recipient before conversion of FX receipts.

34. *Should depository banks include the peso funds in the non-resident peso deposit accounts relating to inward foreign investments registered by AABs in the Report on Foreign Investments Registered with the BSP through AABs (Annex R of the FX Manual) submitted to the BSP?*

Yes. Item b of Section 3.1 of the FX Manual covers peso receipts of non-residents from, or peso sales proceeds of BSP-registered inward investments (including those registered by AABs). Hence, such transactions shall also be reported under Annex R (Report on Foreign Investments Registered with the BSP through AABs) of the FX Manual. This is in line with Section 41 of the FX Manual which provides that pending onshore reinvestment or repatriation offshore in equivalent FX, peso divestments/sale proceeds (including related earnings) of duly registered investments may be temporarily deposited in the peso account of the non-resident investor held with any AAB.

35. *Are peso deposit accounts of non-residents allowed to be funded with peso receipts relating to import trade transactions regardless of mode of payment?*

Yes. Item c.ii (onshore peso receipts of non-residents from residents for trade transactions) of Section 3.1 of the FX Manual shall apply regardless of mode of payment for imports under Section 8 of the FX Manual, provided that the payment for the importation will be received by the non-resident in pesos.

36. Are private sector foreign loan/borrowing-related payments allowed to be deposited in peso deposit account of a non-resident creditor?

Yes. Said payments can be deposited in the peso deposit account of a non-resident creditor without prior BSP approval provided that the corresponding private sector foreign loan/borrowing has been duly approved by/registered with/ reported to the BSP (as applicable) pursuant to item g of Section 3.1 of the FX Manual. In such cases, the client shall submit applicable documentary requirements under Appendix 1.1 of the FX Manual for initial and subsequent deposits thereto (regardless of amount involved).

37. *Can non-residents enter into derivative transactions with AABs involving peso balances funded by items a to g of Section 3.1 of the FX Manual?*

Non-residents may enter into FX forwards and swaps involving the Philippine peso, provided that the underlying transaction is eligible for servicing (under Section 3.2 and Appendix 18 of the FX Manual) using FX resources of AABs/AAB forex corps (e.g., peso receipts relating to trade transactions). As such, non-resident peso deposit accounts funded by inward remittance of FX, which were not used for duly approved/registered/reported private sector foreign loans/borrowings or duly registered inward foreign investments, may not be hedged.

VII. FOREIGN MERCHANDISE TRADE TRANSACTIONS (EXPORTS AND IMPORTS)

38. *Does the BSP issue: (a) import entry declaration (IED) for any commodity; or (b) letter of credit (LC); or (c) Certificate of Exemption for export and import of goods?*

No. The BSP does not issue an: (a) IED for any commodity; (b) LC; or (c) Certificate of Exemption for export and import of goods in favor of individuals or private sector entities. It may be noted, however, that the BSP accepts requests for prior authorization for the following:

Particulars	Agency/Department concerned
Cross-border transfer of legal tender Philippine notes and coins, checks, money order and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount exceeding PHP50,000	BSP-IOD
Import of: (i) coin blank essentially of gold, steel, copper, nickel, zinc, tin, aluminum, brass, bronze, all with diameter of less than 30.00 mm and weight of less than 11.50 grams per piece; (ii) coin blank essentially of silver with diameter of 36.8mm +/- 0.05 mm and weight of 28.28 grams per piece; and (iii) Nordic Gold coin metal with diameter of 33.55 mm +/- 0.05 mm and weight of 15 grams per piece	BSP-Mint and Refinery Operations Department
Import of color reproduction machines with 2,400 dots per inch (dpi) or higher (excluding printers)	National Bureau of Investigation in coordination with BSP-Payments and Currency Investigation Group, BSP-Payments and Currency Development Sub-Sector

39. *Does the BSP issue a permit/clearance or exemption for the importation of goods or articles of iron steel, aluminum or other metals?*

No. The importation of iron, steel, aluminum or other metals does not require prior BSP authorization, provided that it does not fall under those that are regulated and prohibited items under Section 5.1 of the FX Manual.

40. *Is import or export of gold allowed?*

The importation of gold in any form is allowed without restriction except for: (a) coin blanks essentially of gold with diameter of less than 30.00 mm and weight of less than 11.50 grams per piece; and Nordic Gold coin metal with diameter of 33.55 mm +/- 0.05 mm and weight of 15 grams per piece, which requires prior clearance/authorization from the BSP, through the Mint and Refinery Operations Department pursuant to Section 5.1.A of the FX Manual; and (b) any article manufactured in whole or in part of gold wherein the stamp, brand or mark does not indicate the actual fineness of gold quality, which is prohibited (as provided under Section 5.1.B of the FX Manual) pursuant to Section 118 of Republic Act (R.A.) No. 10863 [Customs Modernization and Tariff Act (CMTA)].

The export of gold in any form is likewise allowed except for: (a) gold from small-scale mining, including panned gold, which is required to be sold to the BSP (as provided under Section 5.2 of the FX Manual) pursuant to R.A. No. 7076 (People's Small-Scale Mining Act of 1991) dated 27 June 1991; and (b) any article manufactured in whole or in part of gold wherein the stamp, brand or mark does not indicate the actual fineness of gold quality, which is prohibited (as provided under Section 5.1.B of the FX Manual) pursuant to Section 118 of R.A. No. 10863 (CMTA).

41. *Where can stakeholders refer for information on other regulated/prohibited commodities that are not under BSP's purview?*

While the list of regulated and prohibited import/export commodities under Section 5.1 of the FX Manual only includes those under the BSP's purview, stakeholders may refer to the Philippine National Trade Repository's (PNTR)¹¹ website (<https://www.pntr.gov.ph>) and/or coordinate with the relevant trade regulatory government agencies (TRGAs) regarding the requirements, if any, on trade transactions involving commodities under their respective purviews. Further, banks are reminded under Memorandum No. M-2021-050 dated 4 September 2021¹² to implement their KYC policy and conduct due diligence to ensure that: (a) all FX transactions are compliant with all applicable laws, rules and regulations; and (b) all relevant requirements on trade transactions (e.g., permits/clearances from the respective TRGAs) are complied with upon FX sale.

¹¹ The PNTR, which was launched on 1 August 2017, is a single source of comprehensive, accurate and current information on tariff and non-tariff measures applied to goods entering, exiting and transiting the Philippines, including domestic regulations and procedures administered and enforced by customs and by other government agencies.

¹² May be downloaded at the BSP website using the below link:
<https://www.bsp.gov.ph/Regulations/Issuances/2021/M-2021-050.pdf>

42. *Who will assign the unique transaction reference number pertaining to the specific underlying transaction required under item II.E.1 of Appendix 4 of the FX Manual for each importation involving digital payments through e-commerce market participants?*

The unique transaction number, which shall serve as a unique reference to the specific underlying transaction, shall be assigned by the e-commerce market participant.

43. *Is registration with the BSP still required for imports under Documents against Acceptance (DA) and Open Account (OA) arrangements to be paid with foreign currency to be purchased from banks?*

Registration of importations is no longer required. However, the import transactions [including those with original maturity or one (1)-time extension of more than 360 days] must be reported by the importer to its designated reporting bank for subsequent reporting by the latter to the BSP at least ten (10) calendar days before the original/extended¹³ maturity date of said DA-OA importation pursuant to Appendix 4 of the FX Manual to be eligible for servicing using FX from the banking system. Further, for DA-OA import transactions with original maturity or one (1)-time extension of more than 360 days, the importer must also report the transactions to the BSP-IOD using Annex E.2 (including Annex E.3 for initial reporting) of the FX Manual pursuant to Section 24.3.b of the said Manual, to allow servicing using FX resources of the banking system.

44. *With the lifting of the fee for late reporting by importers of DA-OA trade transactions, is the importer still required to submit an extension letter from the foreign supplier prior to FX sale for importations with extended maturity dates?*

Yes. While Circular No. 1124 already lifted the fee for late reporting by importers of DA-OA transactions, importers are still required to submit an extension letter from the foreign supplier prior to FX sale for importations with extended maturity dates as provided under item II.A of Appendix 4 of the FX Manual. This is to allow banks to ascertain that settlement of the import transaction beyond the original maturity date is duly approved by the foreign supplier.

45. *What document shall serve as the proof of reporting of DA-OA importations to the BSP in compliance with the minimum documentary requirements for the sale of FX relating to DA-OA importations?*

The following documents shall serve as the proof of reporting of DA-OA importations as required under item II.A.1 of Appendix 4 and Section 24.3.b of the FX Manual, as applicable:

- (i) For import transactions with original or extended maturity¹⁴ of up to 360 days: Schedule 10 under FX Form 1/1A (for reporting banks); and
- (ii) For import transactions with original or one (1) time extended maturity of more

¹³ As evidenced by an extension letter from the foreign supplier submitted to the FX selling bank for every extension

¹⁴ Extended maturity refers to the period from the original maturity date to the new maturity date.

than 360 days: Schedule 10 under FX Form 1/1A (for reporting banks) and Annex E.2 of the FX Manual (for resident borrowers/importers which shall include Annex E.3 for initial reporting).

46. *What documentary requirements shall apply to support purchase of FX for payment of importations under DA-OA arrangements with original maturity or one (1)-time extended maturity of more than 360 days?*

Purchase of FX regardless of amount for payment of importations under DA-OA arrangements with original maturity or one (1)-time extension of more than 360 days that are not guaranteed by foreign governments/official export credit agencies shall be subject to the submission by the importer of a duly accomplished ATP FX form and the applicable documents under Appendices 1.3 and 1.5 of the FX Manual.

47. *For DA-OA arrangements with maturity falling on a weekend/holiday, can clients settle their obligation/s on the next banking day without the need for extension?*

The settlement of trade obligations with due dates falling on non-banking days such as weekends/holidays are bound by the agreement of the respective parties as stated in the covering document. Should there be no provision in the agreement covering the foregoing, there should be a consensus between the parties on the new due date for the settlement of obligations with maturities falling on a non-banking day.

An extension letter is only necessary when the trade obligation is not settled in accordance with the agreement/consensus of the parties [based on the original due date or on the new due date if the original due date falls on a non-banking day (e.g., holiday)].

48. *Are FX sold by AABs/AAB forex corps for advance payment of imports also allowed to be credited to the FCDU account of the FX purchaser for eventual remittance to the intended beneficiary?*

Yes. Section 6.b of the FX Manual, which allows temporary crediting to FCDU account of the FX purchaser of FX sold by AABs/AAB forex corps, shall apply to trade transactions under the FX Manual regardless of mode of payment, including advance payment of imports (as provided under Sections 8 and 13 of the FX Manual).

49. *What are the reportorial requirements for short-term loans in the form of export advances from buyers abroad of resident exporters/borrowers?*

While short-term loans in the form of export advances are no longer required to be reported under Annex E.1 of the FX Manual by exporters/borrowers, said loans shall be reported by banks under the relevant schedule/s of FX Form 1/1A and Monthly Report on Outstanding Balances of Export Advances (Annex C of the FX Manual) as provided under footnote 42 of Section 18 of the FX Manual.

VIII. FX FORWARDS AND SWAPS INVOLVING THE PHILIPPINE PESO**50. *What rules govern FX swaps involving trade, non-trade current accounts, resident to resident transactions, foreign loans and foreign investments?***

The following rules under Appendix 18 of the FX Manual shall apply to FX swaps involving trade, non-trade current accounts, resident-to-resident transactions, foreign loans and foreign investments:

- If the swap involves FX sale by AABs in the first leg, and FX purchase by AABs in the second leg, the first leg of the swap shall be subject to the documentary requirements under Appendices 1, 1.3, 1.4 and 1.5 of the FX Manual, as applicable. For trade and non-trade current account transactions, the supporting documents shall be presented/submitted to banks only if the amounts (per underlying transaction) involved exceed USD500,000 (for individuals) and USD1 million (for corporates/other entities). However, for transactions involving netting arrangements, e-commerce market participants, resident to resident FX transactions, loans/borrowings, guarantees and investments, the minimum documentary requirements shall be presented/submitted regardless of amounts involved.
- If the swap involves FX purchase by AABs in the first leg and FX sale by AABs in the second leg, the first leg of the swap shall be subject to the bank's KYC policy and existing regulations on anti-money laundering. The second leg of the swap shall be subject only to the swap contract between the counterparties without the need for customer's submission of a duly accomplished ATP FX form.

For swaps where FX proceeds in the second leg will be used to cover FX transactions between residents, trade and non-trade current account transactions, the minimum documentary requirements under Appendices 1 and 1.5 of the FX Manual, as applicable, shall be presented/submitted to the bank counterparty prior to delivery of foreign currency by the bank to its client at any time under the forward leg of the swap.

For swaps covering foreign/foreign currency loans/borrowings, guarantees and inward investments, the documentary requirements under Appendices 1, 1.3 and 1.4 of the FX Manual, as applicable, shall be submitted to the bank counterparty prior to delivery of FX by the bank to its client at any time under the forward leg of the swap. Such swap contracts must include a statement that: "There shall be no delivery of foreign exchange at any time under the swap contract unless the foreign/foreign currency loans/borrowings/inward investments are duly approved/registered/reported with the BSP, as applicable."

For swaps covering foreign/foreign currency loans/borrowings, the AAB counterparty for the swap contract shall notify the BSP of the details of the swap and the loans to be funded showing, among others, the borrowers' profile, terms of the loan and swap (e.g., amount, tenor), and other pertinent information.

51. *When will the documentary requirements for FX forwards and swaps be submitted to bank counterparty?*

The documents for FX forward and swap transactions shall be presented/submitted on or before settlement date to banks pursuant to Appendix 18 of the FX Manual.

52. *Is prior Monetary Board (MB) approval still required for FX derivatives transactions of non-bank government entities (NBGEs)?*

No. Prior MB approval is no longer required for derivatives transactions of NBGEs under Circular No. 1124.

Notwithstanding the lifting of the prior MB approval requirement for derivatives transactions of NBGEs, it is understood that the rules under the FX Manual governing the underlying transactions [e.g., prior approval requirement for public sector foreign/foreign currency loans/borrowings, documentary requirements prior to delivery of FX under the contract (as applicable)] shall be complied with.

* Inquiries and other concerns regarding subject FAQs may be sent to:

The Head of the Department or
The Policy Studies and Information Systems Group (PSISG)
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