



# MAJOR FOREIGN EXCHANGE (FX) REFORMS UNDER CIRCULAR NO. 1124



As part of the BSP's commitment to maintain an FX regulatory framework that is responsive to the needs of a dynamic and expanding Philippine economy, the BSP issued Circular No. 1124 dated 10 August 2021 (effective 13 September 2021), with major reform areas as follows:

## Electronic Submission of Documents and Use of Electronic/Digital Signatures

Allowed electronic submission of applications for approval/registration and other requests relating to FX transactions

Allowed the use of electronic/digital signatures and submission of certain electronically-generated documents without signature



## Digital Payments/Electronic Transactions and Netting Arrangements

Allowed FX sale for FX transactions involving digital payments and e-commerce market participants

Allowed all netting arrangements for resident-to-resident transactions, trade and non-trade current account transactions



## Trade and Non-trade Current Account Transactions

Expanded the list of eligible non-trade current account transactions

Allowed submission of alternative/equivalent document/s for FX sale

Allowed sale of FX without prior BSP approval for certain transactions (e.g., Engineering, Procurement and Construction contracts and similar arrangements)



## Peso Deposit Accounts of Non-residents

Expanded the list of eligible sources of funds

Exempted settlement/clearing accounts of foreign banks with their local branches from regulations under Section 3 of the FX Manual

Lifted the required BSP letter-authority for FX sale covering peso proceeds from the onshore sale by non-resident issuer of equity and debt securities



## Foreign Loans/Borrowings, Foreign Investments, and FX Derivatives Transactions

Allowed servicing of fees (except interest) prior to registration provided the private sector foreign loans/borrowings are duly reported to the BSP

Allowed FX sale for refund of taxes and erroneously withheld taxes related to BSP-registered investments

Lifted the prior MB approval requirement for all FX derivatives transactions to be entered into by non-bank government entities



### Download Circular No. 1124

<https://www.bsp.gov.ph/Regulations/Issuances/2021/1124.pdf>

### Download the FX Manual and its forms, annexes and appendices

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

<https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT-faas.zip>

### For inquiries, email the International Operations Department (IOD)

[iod-ipds@bsp.gov.ph](mailto:iod-ipds@bsp.gov.ph)





# REGULATED AND PROHIBITED IMPORT/EXPORT COMMODITIES

As a general rule, all kinds of merchandise imports/exports are allowed. However, the importation and exportation of certain commodities are regulated or prohibited by law or rules and regulations issued by the competent authority for certain reasons.



With the issuance of Circular No. 1124<sup>a</sup>, the list of regulated and prohibited import/export commodities under the Manual of Regulations on Foreign Exchange Transactions (FX Manual)<sup>b</sup>, as amended, only includes those under BSP's purview.



## REGULATED



Legal tender  
Philippine currencies  
above PHP50,000



Coin blanks  
of certain  
specifications



Color  
reproduction  
machines

## PROHIBITED



Goods in whole/part gold,  
silver or other precious  
metals/alloys not indicating  
fineness of quality



Gold from  
small-scale mining,  
including  
panned gold



Unissued  
Philippine  
banknotes

For import/export of commodities not under the BSP's purview:

- Banks shall ensure that all relevant requirements on trade transactions such as permits/clearances are complied with upon FX sale.
- Banks may refer to the Philippine National Trade Repository's website<sup>c</sup> and/or coordinate with the concerned trade regulatory government agencies regarding the requirements.



<sup>a</sup> Dated 10 August 2021 (effective 13 September 2021)

<sup>b</sup> Under Section 5.1 of the FX Manual, as amended

<sup>c</sup> <https://www.pntr.gov.ph>

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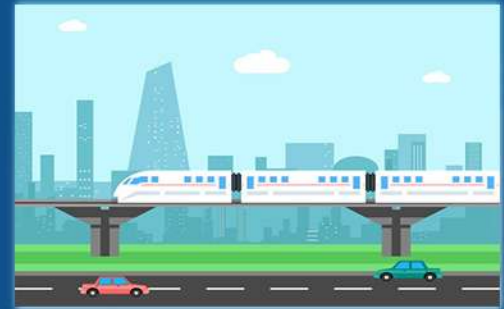
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# LIBERALIZATION OF FOREIGN EXCHANGE (FX) RULES COVERING ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) CONTRACTS AND SIMILAR ARRANGEMENTS



With the issuance of Circular No. 1124<sup>a</sup>, FX sale covering obligations under EPC contracts and similar arrangements are now allowed without the need for prior BSP approval under the Manual of Regulations on Foreign Exchange Transactions (FX Manual)<sup>b</sup>, as amended.

## FROM

## TO



<sup>a</sup> Dated 10 August 2021 (effective 13 September 2021)

<sup>b</sup> Section 6 of the FX Manual, as amended

**Download Circular No. 1124**

<https://www.bsp.gov.ph/Regulations/Issuances/2021/1124.pdf>

**Download the FX Manual and its forms, annexes and appendices**

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

<https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT-faas.zip>

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# FOREIGN EXCHANGE (FX) REFORMS ON PESO DEPOSIT ACCOUNTS OF NON-RESIDENTS

**As provided under Circular No. 1124<sup>a</sup>, non-residents may now open/maintain peso deposit accounts funded by the following:**

**Onshore peso receipts of non-residents from residents arising from trade transactions**

**Payment for private sector foreign loans/borrowings and other related transactions<sup>b</sup>**

**Peso funds of foreign students enrolled for at least one (1) school term [instead of one (1) semester] in the Philippines**

**Onshore peso receipts from underwriting/brokerage services (involving Philippine shares) rendered to non-resident by another non-resident acting as underwriter, bookrunner/manager or foreign broker dealer**

**Refund of taxes and erroneously withheld taxes on BSP-registered investments**

**Excess pesos arising from inward foreign investments that did not materialize**



**As part of the FX liberalization measures, settlement/clearing accounts of a foreign bank with its local branches in the Philippines are not subject to the rules under Section 3 of the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended, provided that the rules on the underlying transactions are complied with.**

**For the complete list of eligible sources of funds, you may refer to Section 3.1 of the FX Manual<sup>c</sup>.**

<sup>a</sup> Dated 10 August 2021 (effective 13 September 2021)

<sup>b</sup> Provided that these are duly approved by/registered with/reported to the BSP

<sup>c</sup> May be downloaded at: <https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT.pdf>

**For more information, you may contact the International Operations Department of the BSP via email at [iod-ipds@bsp.gov.ph](mailto:iod-ipds@bsp.gov.ph) and [iod@bsp.gov.ph](mailto:iod@bsp.gov.ph)**





# FOREIGN EXCHANGE (FX) REFORMS ON PRIVATE SECTOR FOREIGN/FOREIGN CURRENCY LOANS/BORROWINGS

With the issuance of Circular No. 1124<sup>a</sup>, the following transactions are now allowed under the Manual of Regulations on Foreign Exchange Transactions (FX Manual)<sup>b</sup>, as amended:



**Allow registration<sup>c</sup> of private sector foreign loans that are not publicly-guaranteed wherein the submission to the BSP of notification for changes in the loan's financial terms and conditions or partial cancellation of loan/commitment was made beyond the prescriptive period**



**Allow servicing of fees (except interest) prior to registration provided that the foreign loans are duly reported to the BSP, subject to submission of certain documents<sup>d</sup>**



**Extend the deadline of submission of Notification to the BSP for changes in the loan's financial terms and conditions or cancellation of the loan/commitment/agreement to one (1) month from availability of information/signing of amended or supplemental agreement/effectivity date**

- <sup>a</sup> Dated 10 August 2021 (effective 13 September 2021), downloadable at: <https://www.bsp.gov.ph/Regulations/Issuances/2021/1124.pdf>
- <sup>b</sup> Downloadable at: <https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT.pdf>
- <sup>c</sup> Subject to PHP20,000 processing fee per loan account (currently waived pursuant to Circular No. 1080 and Circular Letter No. CL-2020-041 dated 27 March and 28 August 2020, respectively)
- <sup>d</sup> I.e., Annex E.3 of the FX Manual (together with a copy of signed covering agreement/document) and request for authority to purchase FX

**For more information, you may contact the International Operations Department of the BSP via email at [iod-ipds@bsp.gov.ph](mailto:iod-ipds@bsp.gov.ph) and [iod@bsp.gov.ph](mailto:iod@bsp.gov.ph)**