

FREQUENTLY ASKED QUESTIONS ON PRIVATE SECTOR FOREIGN/FOREIGN CURRENCY LOANS/BORROWINGS^a

I. FOREIGN/FOREIGN CURRENCY LOANS/BORROWINGS

1. *What is the difference between a foreign loan and a foreign currency loan?*

Foreign loans refer to all obligations [regardless of currency of denomination (Philippine peso or foreign currency)] owed by Philippine residents to non-residents, including advances from foreign parent companies/head offices, shareholders and affiliates.

Foreign currency loans refer to obligations that are denominated in foreign currency (or currency other than the Philippine peso) owed by: (a) Philippine resident or non-resident private sector entities to banks operating in the Philippines; and (b) Philippine resident public sector entities to banks operating in the Philippines/National Government/other public sector entities authorized to lend under their respective charters.

2. *If foreign currency loans are to be obtained from domestic sources, are these considered domestic borrowings?*

Yes. The classification of a loan into foreign or domestic is determined by the residency of the creditor and not by the currency in which it is denominated. Hence, foreign currency-denominated loans obtained from domestic sources are considered domestic borrowings. On the other hand, loans obtained from non-resident creditors, even if denominated in pesos, are considered foreign loans.

3. *Are there reports required to be submitted to the BSP by borrowers relating to their loans?*

Section 22.8 of the FX Manual requires all foreign loan/borrowing transactions [e.g., availments, debt service payments (including prepayments), cancellations], whether or not said loans are Bangko Sentral ng Pilipinas (BSP)-approved/registered, to be regularly reported to the BSP using the prescribed forms (Annexes E.1, E.2 and E.3^b of the FX Manual) within the prescribed period^c until the obligations are fully extinguished.

4. *Can banks sell foreign currency to resident borrowers for settlement of their foreign currency obligations to banks operating in the Philippines without prior BSP approval/registration?*

Yes, banks may sell foreign currency to resident borrowers, provided the foreign currency loans are not publicly-guaranteed, and are duly reported by creditor banks to the BSP using the prescribed forms (Annexes E.4 and E.5 of the FX Manual)

^a These pertain to the rules on foreign exchange (FX) transactions under the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended. 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 Annex E.3 shall be submitted for initial reporting of foreign loans

^c For Annexes E.1 and E.2, within five (5) banking days after the end of reference month, to iod-stmlt-loanreports@bsp.gov.ph

prior to FX sale as provided under Sections 22.4 and 24.3.a of the FX Manual. The proof of reporting to BSP by the creditor shall be the acknowledgment letter/email sent by the BSP to the creditor indicating receipt of the required report.

5. *Can foreign currency loans from onshore banks be used to service foreign investments not registered with the BSP?*

Proceeds of foreign currency loans obtained from onshore banks may be used for any legitimate purpose. However, projects/programs/purposes to be funded by the foreign currency loans must also comply with the applicable laws, rules, and regulations, including those under the FX Manual. As such, foreign investments (even if to be serviced using proceeds of foreign currency loans) shall be registered with the BSP pursuant to Chapter II, Part Three of the FX Manual to allow access to FX resources of the banking system to service the repatriation of capital and remittance of related earnings thereon.

6. *Can a borrower source FX from the banking system to service private sector foreign currency loan obtained to refinance an underlying foreign/foreign currency loan/borrowing?*

Yes, subject to the following conditions:

- a. For the refinancing foreign currency loan (new loan): Compliance with the reportorial requirement by the creditor bank to the BSP pursuant to Section 24.3 of the FX Manual
- b. For the foreign/foreign currency loan/borrowing to be refinanced (old loan for refinancing):
 - i. For those requiring registration pursuant to Sections 24.1 and 24.2 of the FX Manual: Submission to the BSP-International Operations Department (IOD) of the Loan/Borrowing Profile (Annex E.3 of the FX Manual) and copy of signed covering agreement(s)/documents^d; or
 - ii. For those requiring mere reporting pursuant to Section 24.3 of the FX Manual: Foreign/foreign currency loan/borrowing to be refinanced shall have been duly reported by the resident borrower and/or reporting/creditor bank (as applicable) to the BSP to facilitate registration of the refinancing foreign loan/borrowing; and
- c. Compliance with the submission of the applicable supporting documents to support the sale of FX under item I.4 of Appendix 1 of the FX Manual.

7. *Are banks operating in the Philippines allowed to extend loans to non-residents?*

Yes, subject to the following applicable regulations:

- a. If loans are denominated in foreign currency: Onshore banks may extend loans to non-residents without prior BSP approval, subject to regular

^d In lieu of BSRD which is the applicable supporting document if the foreign borrowing to be refinanced is already duly registered with the BSP.

reporting by the creditor bank to the BSP using Annexes E.4 and E.5 of the FX Manual (as applicable). However, non-residents are not allowed to purchase FX from AABs/AAB forex corps to service said loans pursuant to Section 22.4 of the FX Manual.

- b. If loans are denominated in peso: Onshore banks may extend peso financing to non-residents without prior BSP approval to fund only the specific cases allowed under Section 301 of the Manual of Regulations for Banks (MORB) (e.g., with Overseas Filipino Workers as defined under existing labor laws and regulations as borrowers).

On the other hand, prior BSP approval is required for peso loans to be extended to non-residents for use in projects/programs/purposes that are not covered under Section 301 of MORB. It is further understood that such loans shall be legitimate and not contrary to laws, regulations, public order, public health, public safety, or public policy.

8. *Why does the BSP require submission of foreign borrowings plans (FBP)?*

Resident borrowers intending to obtain medium- and long-term foreign loans/borrowings, including offshore issuances of debt instruments, are required to submit to the BSP-IOD their annual FBP not later than end-September of each year for borrowings for the fourth quarter of the current year and the succeeding full year. Proposed onshore issuances by residents of debt instruments that require settlement in foreign currency shall likewise be reported in the FBP.

The information obtained from said FBPs are used to determine the possible magnitude of foreign funding requirements of the economy for the succeeding year and how this may affect the country's external debt sustainability.

II. PRIVATE SECTOR FOREIGN LOANS/BORROWINGS

9. *What is the difference between BSP approval and BSP registration of a private sector loan?*

Prior BSP approval applies to publicly-guaranteed private sector foreign/foreign currency loans/borrowings which gives the borrower the authority to finalize negotiations with the prospective creditor/s and sign the loan documents. On the other hand, BSP registration applies to both publicly-guaranteed and purely private sector foreign loans/borrowings which ultimately allows borrowers to purchase FX from the banking system for loan servicing.

10. *What other foreign loan-related transactions for publicly-guaranteed private sector loans require prior BSP approval?*

Pursuant to Sections 22.2 and 25.1 of the FX Manual, prior BSP approval is required for: (a) change in: borrower/guarantor; purpose; financial terms and conditions of loans/borrowings (e.g., those involving change in: loan amount;

interest rate; fees, charges or other costs; frequency of payments/servicing; loan tenor/maturity); and (b) prepayment of publicly-guaranteed private sector loans; (c) payment by the public sector under the guarantee covering publicly-guaranteed private sector loans that are past due^e.

Only Notice to the BSP [which shall be sent within one (1) month from availability of information] is required for the following changes/amendments to publicly-guaranteed private sector loans: (a) creditor or creditor's name (e.g., due to merger; corporate restructuring); (b) availability/closing date; (c) financial ratios; (d) covenants; (e) related hedging instruments; and (f) changes other than those cited in the immediately preceding paragraph.

11. *Will the BSP accept notarized foreign loan agreements submitted for approval and/or registration?*

Circular No. 618 (s. 1978), as amended by Circular No. 909 (s. 2016) effective 22 April 2016, provides that **no public and/or publicly-guaranteed foreign loans, deferred payment or any other agreements** which give rise to a foreign/foreign currency obligation or liability of the public sector (whether primarily or subsidiarily), including promissory notes or guarantees issued in connection therewith, submitted to the BSP for approval and/or registration under the provisions of pertinent laws, circulars, rules and regulations shall be approved and/or registered if these are notarized or are otherwise evidenced by a public instrument.

However, said requirement does not apply to loan agreements covering purely private foreign/foreign currency loans, or those that are obtained by the private sector without guarantee from the public sector, which may be notarized.

12. *Does the BSP still impose processing fees for applications for loan registrations/notice to BSP/notification of amendment that are filed beyond the applicable periods indicated under Section 24 of the FX Manual?*

No, processing fees are no longer imposed for requests/applications filed beyond the applicable prescriptive periods under Section 24.2 of the FX Manual. BSP Circular No. 1171 dated 29 March 2023 adopted as a permanent policy, among others, the waiver of processing fees for applications filed beyond the prescriptive periods under BSP Circular No. 1080 (Operational Relief Measures for Foreign Exchange Transactions under the FX Manual).

Nevertheless, clients are enjoined to observe the timelines indicated under the FX Manual to allow capture of current, reliable, and relevant data/information which are important for policy review/ formulation, analysis of trends and developments, and statistical requirements and timely processing of loan-related requests.

^e Those beyond original/amended due date/s duly approved by the BSP

III. PRIVATE FOREIGN LOANS/BORROWINGS WITHOUT PUBLIC GUARANTEE

13. *Is registration with the BSP of a private sector foreign loan without public guarantee mandatory?*

No. Registration with the BSP of private sector foreign loans/borrowings without public guarantee is only required if the borrower will purchase FX from the domestic banking system to repay the loan or pay interest and/or other loan-related fees/costs.

Therefore, for cases wherein borrowers have their own FX resources/receipts sufficient to cover their foreign loan-related payments without the need to purchase FX from the local banks, borrowers may opt not to have the loan registered with the BSP; however, same is still subject to: (a) submission of a Notice to BSP using the prescribed form - (Annex E.3 of the FX Manual) together with a copy of signed loan agreement; and (b) regular reporting using the prescribed form as discussed in item 3 above.

14. *What requirements shall be complied with by a private sector borrower once a loan agreement covering a foreign loan/borrowing not involving a public sector guarantee is signed?*

Under Section 24.2 of the FX Manual, the private sector borrower shall submit to the BSP, through the IOD, within one (1) month from date of signing of covering agreement, the Notice to BSP (using the prescribed form, Annex E.3 of the FX Manual) together with a copy of signed covering agreement.

Moreover, pursuant to Section 22.8 of the FX Manual, as amended, the private sector borrower shall regularly submit to the BSP the duly accomplished and signed Annex E.1 [for short-term (ST) loans] and Annex E.2 [for medium-and long-term (MLT) loans] of the FX Manual within the prescribed period until the obligations are fully extinguished.

15. *When should borrowers file their application for loan registration with the BSP?*

As provided under Section 24.2 of the FX Manual, the application for loan registration shall be submitted as follows:

- a. For ST loans – within one (1) month from drawdown date; and
- b. For MLT loans – within six (6) months from utilization of loan proceeds.

16. *Are clients allowed to electronically file applications for registration of private foreign loans and/or supporting documents?*

Yes. Under item 4 of Part One, Chapter I (General Provisions) of the FX Manual, applications for approval/registration, including notice/notification to the BSP may be submitted through electronic means at iod_loans@bsp.gov.ph, copy furnished Ms. Jenna C. Evangelista-Panganiban (jevangelista@bsp.gov.ph).

17. *Can applicants request for pre-review or pre-checking of the loan application requirements before the official submission of same to the BSP-IOD?*

No. The documents submitted by clients for their loan application requirements should already be duly accomplished by the applicant prior to official submission of same to the BSP-IOD. The Department then conducts a review of **duly accomplished documents** as part of the evaluation procedure being undertaken during processing of all applications received by the Department.

Upon receipt of the application with supporting documents (i.e., Annexes D.2.B and E.3 of the FX Manual, and covering loan document/s), a preliminary review is conducted by the BSP-IOD on the correctness and completeness of submitted documents. Initial findings, if any, are then relayed to the borrowers/applicants to enable them to revise the forms and/or provide additional information needed. Virtual meetings may also be conducted to provide more clarity in certain areas of concern of the application.

18. *What are the documentary requirements to be submitted to the BSP for registration of a private sector foreign loan that is not publicly-guaranteed?*

To facilitate processing of the registration application, the client/borrower shall submit the following documentary requirements to the BSP-IOD:

- a) Covering Letter;
- b) Copy of the signed covering/loan agreement;
- c) Duly accomplished Annex E.3 of the FX Manual^f;
- d) Duly accomplished Annex D.2.B of the FX Manual^f; and
- e) For first time applicants, a copy of the firm's Certificate of Incorporation issued by the Securities and Exchange Commission.

19. *Can a borrower purchase FX from banks to pay the principal and interest falling due on outstanding loans?*

Yes, provided that the foreign loan is registered with the BSP. The borrower may purchase FX from local banks to service principal up to the registered loan amount. Meanwhile, interest and other loan-related fees/costs may be serviced in full as long as there is an outstanding registered loan amount and provided that such payments are made on or up to one (1) month from the scheduled/original due dates indicated in Part III, Annex A of the Bangko Sentral Registration Document (BSRD).

20. *Can borrowers purchase FX from banks for the payment of fees (excluding interest) related to purely private sector foreign loans prior to registration thereof with the BSP?*

As a general rule, purely private sector foreign loans/borrowings must be registered with the BSP to be eligible for servicing using FX resources of the banking system. However, for certain loan-related fees (e.g., upfront fees) which must be settled immediately pending loan registration, the BSP allows purchase

^f The guidelines in filling-out the Annexes may be accessed in the BSP website or through this link:
[https://www.bsp.gov.ph/Regulations/FX/Guidelines_for_filling_out_Annexes_E.3_and_D.2.B\(FX_Manual\).pdf](https://www.bsp.gov.ph/Regulations/FX/Guidelines_for_filling_out_Annexes_E.3_and_D.2.B(FX_Manual).pdf)

of FX from banks provided that the borrower has secured a specific BSP letter-authority covering such settlement.

For such purpose, the borrower shall submit to the BSP the following: (i) request for BSP authority to purchase FX; (ii) duly accomplished Annex E.3 of the FX Manual; and (iii) copy of the signed covering agreement(s)/document(s), as provided under Section 24.2.a of the FX Manual.

The borrower shall present/submit the specific BSP letter-authority to the FX selling institution, together with the billing statement from creditor or equivalent document, as required under item II.2.c of Appendix 1.3 of the FX Manual, to allow purchase of FX from banks for payment of fees prior to loan registration.

21. *Can private sector borrowers purchase FX from banks to fund payments of BSP-registered foreign loans outside of scheduled payment dates indicated in the issued BSRD, without need for prior BSP approval?*

Prior BSP approval is required to purchase FX for prepayment of publicly-guaranteed private sector foreign loans/borrowings.

For purely private sector loans, the purchase of FX for the following shall only require submission to the BSP of a written notice at least one (1) month prior to target date of purchase of FX pursuant to Section 25.2 of the FX Manual:

- a) For MLT loans – Prepayment of BSP-registered foreign loans/borrowings (including bonds/notes/other debt instruments); and
- b) For both ST and MLT foreign loans/borrowings that are past due for more than one (1) month from original due dates indicated in the BSRD.

Private sector borrowers may purchase FX from banks to service BSP-registered foreign loans within one (1) month from original due dates as long as the BSRD is valid (i.e., there is an outstanding registered loan amount).

22. *What are the BSP requirements for the prepayment of BSP-registered MLT foreign loans that will be serviced using FX resources of AABs/AAB forex corps?*

The following documents/information shall be submitted to the BSP in order to facilitate issuance of an acknowledgement letter to be presented to the bank upon FX purchase:

- 1. Copy of the previously-issued BSRD duly annotated by the FX selling and remitting counterparty bank (applicable only if there were payments already made on the loan);
- 2. Copy of Annex E.2 of the FX Manual for the latest reference month;
- 3. Target date of prepayment;
- 4. Corresponding original due date based on the amortization schedule;
- 5. Amount of principal to be prepaid and related interest/other fees/charges due in original currency; and
- 6. Reason for prepayment.

23. *Does a private sector borrower need to notify the BSP for advance interest payment (i.e., payment ahead of the interest due date) under an MLT loan if such advance payment will be serviced using the FX resources of AABs/AAB forex corps?*

No. Advance payment of interest due is not subject to the notification requirement under Section 25.2 of the FX Manual, provided that no principal prepayment is involved. The borrower may purchase FX from an AAB/AAB forex corp for advance interest payment subject to the submission to the FX selling institution of the minimum documentary requirements provided item II.1.a (Regular amortization/payment) of Appendix 1.3 of the FX Manual.

24. *Are there any requirements for the prepayment of BSP-registered ST private sector foreign loans that are not publicly-guaranteed considering that these do not require prior BSP approval and notification to BSP pursuant to Section 25.2.a of the FX Manual?*

Prepayment of BSP-registered ST private foreign sector loans without public sector guarantee does not require prior BSP approval or notification to BSP, but is subject to the following:

- a) Submission to the FX selling bank of the minimum documentary requirements under Item II.1.b of Appendix 1.3 of the FX Manual [i.e., BSRD (BSP registration letter including attachments)]; and
- b) Reporting to the BSP by the borrower of loan payments made using Form ST-2 [Report on Short-Term Foreign Borrowings (Annex E.1 of the FX Manual)] within five (5) banking days after end of reference month.

25. *What are the BSP requirements for the notice of payment of past due BSP-registered foreign loans?*

If intended payments fall beyond the one (1) month period from original due date/s of the loan, the borrower shall submit the following to the BSP in order to facilitate issuance of an acknowledgement letter to be presented to the bank upon FX purchase:

1. Copy of the previously-issued BSRD duly annotated by counterparty FX selling and remitting bank (applicable only if there were payments already made on the loan);
2. Copy of Annex E.1 (for ST loans) or E.2 (for MLT loans) report for the latest reference month;
3. Target date of payment/repayment;
4. Corresponding original due date based on the amortization schedule; and
5. Amount of principal to be paid/repaid and related interest/other fees/charges due in original currency.

26. *Are there additional requirements to be submitted to BSP for amendment/s to the loan's financial terms and conditions?*

Yes. Borrowers are required to notify the BSP for any change/s in the loan's financial terms and conditions; or cancellation (whether partial or in full) of the loan/commitment/agreement.

The following documents shall be submitted by the borrower within one (1) month from availability of information/signing of the amended or supplemental agreement/effectivity date:

- a) Covering Letter;
- b) Copy of the signed covering amended/supplemental agreement;
- c) Duly accomplished Annex E.3 of the FX Manual; and
- d) For loans already/previously issued with a BSRD, a duly accomplished Annex E.1 (for ST loans) or Annex E.2 (for MLT loans) of the FX Manual for the latest reference month, together with the BSRD duly annotated by the FX-selling/remitting bank to reflect any payments/repayments made under the loan.

27. *Are private sector resident banks and non-bank financial institutions with quasi-banking functions (NBQBs) required to secure prior BSP approval/registration for their foreign/foreign currency loans?*

No. Private sector resident banks and NBQBs obtaining foreign/foreign currency loans/borrowings that are not publicly-guaranteed are not required to secure prior BSP approval and registration, but shall comply with: (a) Sections 22.7 and 22.8, and Appendices 1 and 1.3 (as may be applicable) of the FX Manual; and (b) pertinent provisions of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions; and (c) other applicable laws, rules and regulations.

28. *Why is there a need to provide the indicative maturity date of the loan when the loan applied for is payable when able/on demand?*

The borrower needs to provide the indicative maturity date of foreign loans that are payable when able/on demand using Annex E.3 of the FX Manual to allow the BSP to: (a) monitor the foreign loan/borrowing transactions; and (b) make projections for statistics and policy development purposes.

The borrower shall also report to the BSP-IOD using Annex E.3 of the FX Manual the latest indicative/projected loan due date/s in the event of non-payment on the initial projected due date/s.

29. *Can private sector borrowers register their purely private sector loan obtained to refinance an existing foreign loan not yet registered with the BSP?*

Yes, private sector borrowers may register their purely private sector foreign loan even if the foreign loan to be refinanced has not yet been registered with the BSP, subject to submission of the following:

- a. For the refinancing loan being applied for registration:
 - Copy of the signed covering agreement(s)/document(s);
 - Duly accomplished Loan/Borrowing Profile (Annex E.3 of the FX Manual); and
 - Duly accomplished Application for Registration of Private Sector Foreign/Foreign Currency Loans/Borrowings (Annex D.2.B of the FX Manual)

b. For the foreign loan to be refinanced:

- Copy of the signed covering agreement(s)/document(s); and
- Duly accomplished Loan/Borrowing Profile (Annex E.3 of the FX Manual).

30. *When must AABs annotate the BSRD?*

The bank must annotate Parts III and IV of Annex A of the BSRD whenever a payment, remittance, or FX sale is made through the banking system. Specifically, Part III should be filled out by the FX remitting bank on the remittance date of payment, regardless of whether there was an FX sale transaction or not. On the other hand, Part IV should be accomplished by the FX selling bank or the counterparty bank (in case there is a hedging transaction) on the date of purchase or delivery of FX.

31. *Does the AAB need to annotate Annex A of the BSRD if the client paid/serviced its foreign borrowing with its own funds (i.e., FX was not bought from AABs) from a foreign currency deposit unit (FCDU) account?*

Yes, if the remittance was made through the banking system. In this case, the FX remitting bank is required to annotate Part III, Annex A of the BSRD on the date of remittance of payment.

32. *The AAB has already annotated Part III, Annex A of the BSRD; does it also need to annotate Part IV?*

Part IV must also be annotated if the bank sold FX to a client for foreign loan-related payments or if it delivered FX under a derivative contract for a foreign borrowing.

33. *What is the difference between replacement and reissuance of lost BSRDs for private sector foreign borrowings?*

Replacement of lost BSRDs shall apply to: (i) original hardcopy BSRDs issued before 27 March 2020 with or without change in the financial terms of the registered loan; and (ii) BSRDs issued in electronic form starting 27 March 2020 with change/s in the financial terms of the registered loan,

On the other hand, in case the BSRD was issued in electronic form starting 27 March 2020 and has been declared lost (e.g., the only file copy was deleted), the resident borrower (or their duly authorized representative) may request for reissuance of same, provided that there has been no change in the financial terms of the registered loan⁹.

The supporting documents for the request for reissuance/replacement of lost BSRDs are provided under Appendix 5 of the FX Manual.

⁹ Provided that a copy of the latest annotated BSRD has been previously submitted to BSP-IOD

34. *Are private sector borrowers allowed to deduct withholding taxes from their interest dues under a BSP-registered foreign loan upon FX purchase from a bank?*

Deduction of withholding tax from interest dues is generally accepted, provided that:

- a. Supporting document(s) is/are provided to the counterparty bank [e.g., Bureau of Internal Revenue (BIR) Confirmation, Tax Assessment Notice, billing statement/confirmation/any equivalent document from the creditor on the deduction of withholding tax]; and
- b. The transaction will be indicated in the issued BSRD (i.e., under the Interest and Other Payments portion of Part III, Annex A) upon annotation of the counterparty bank.

Further, banks are not precluded from requiring additional document/information as part of their implementation of their "Know Your Customer" policy and conduct of due diligence to establish the legitimacy of the transaction.

35. *A private sector borrower has an approaching due date for its foreign loan. However, its application for registration is still pending due to delayed submission of complete documents. Can the IOD process rush requests?*

According to the BSP's Citizen's Charter, the standard processing time for applications/requests received by the IOD is 20 working days from date of acknowledgement/commencement advice indicating the BSP's receipt of complete and sufficient documents/information/inputs/comments required for evaluation.

While the IOD may, as necessary, accommodate with best efforts urgent requests by external stakeholders to enable access to the FX resources of the banking system, delayed/late submission of the documents/information requested by the BSP from the borrower/applicant will subsequently delay issuance of BSRD.

Nevertheless, applicants are not precluded from purchasing FX from other sources (e.g., money service businesses such as FX dealers) in the event of delayed submission of requirements and subsequently BSRD issuance.

However, should applicants opt to source FX from their usual BSP-supervised AAB counterparty which would require the submission/presentation of the BSRD, the IOD can classify the request as urgent and shall exert best efforts to release the requested BSP action soonest; however, standard processing time of 20 working days will still apply.

IV. GUARANTEES

36. *What guarantees are subject to BSP approval/registration?*

Guarantees for account of the public sector or similar arrangements (other than those covered by Section 30.3 of the FX Manual) that may give rise to actual foreign obligations of the public sector to non-residents, as well as those to be issued by GOCCs (excluding public sector banks and NBQBs) in favor of non-residents, shall require prior BSP approval.

Guarantees that are related to foreign/foreign currency loans/borrowings under Sections 23 and 24 of the FX Manual (except those covered under Section 24.3.a of said Manual) must already form part of the loan terms submitted (for approval/registration)/reported to BSP (as applicable).

Guarantees or similar arrangements which may give rise to actual foreign obligations to non-residents and not falling under Sections 30.1 to 30.3 of the FX Manual shall require BSP registration to allow servicing of the resulting foreign obligation using FX resources of AABs/AAB forex corps.

37. *When should applications for registration of guarantees under Section 30.4 of the FX Manual (i.e., guarantees or similar arrangements which may give rise to actual foreign obligations of residents to non-residents that do not fall under Sections 30.1 to 30.3 of the FX Manual) be filed?*

Applications for registration of guarantees and similar arrangements under Section 30.4 of the FX Manual shall be made within six (6) months from date of signing of the covering agreement but not later than 15 banking days from target date of purchase of FX **regardless whether drawdown/s under the guaranteed obligation has been made or not**. The guarantee may be registered in full with the BSP even prior to drawdown, subject to submission of the relevant documents covering the guarantee (including the covering obligation agreement).

Same shall subsequently be reported regularly to the BSP by the resident obligee using the prescribed form (Annex H of the FX Manual) until the contingent obligations are fully extinguished.

38. *What are the documentary requirements of guarantees which fall under Section 30.4 of the FX Manual?*

For the registration of guarantees or similar arrangements which may give rise to actual foreign obligations of residents to non-residents that do not fall under Sections 30.1 to 30.3 of the FX Manual, the following documents shall be submitted, as applicable:

- a. Letter request for registration of guarantee;
- b. Guarantee Agreement (in case the provisions on the guarantee are not included in the loan agreement of the underlying/guaranteed loan);
- c. Covering agreement for the underlying/guaranteed loan;
- d. Summary sheet indicating terms related to possible purchase of FX for the

- guarantor's obligation under the guarantee agreement:
 - i. Guarantee Amount;
 - ii. Interest Rate (for delayed payments);
 - iii. Currency of Repayment/Payment; and
 - iv. Other conditions.
- e. General Information Sheet of the guarantor/applicant; and
- f. If filed through a law firm, Secretary's Certificate or Authorization Letter duly signed by the Guarantor's/applicant's authorized signatories.

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

The Head of the Department or
The Private Sector Debt Management Group (PVSDMG)
International Operations Department
3rd Floor, Room 301, 5-Storey Building
Bangko Sentral ng Pilipinas
1004 Manila
Email address: iod_loans@bsp.gov.ph