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## FREQUENTLY ASKED QUESTIONS ON INWARD FOREIGN AND OUTWARD INVESTMENTS<sup>1</sup>

### A. GENERAL REGISTRATION PROCESS INQUIRY

**1. *Is the registration of inward foreign investments with the BSP mandatory?***

No. Under Section 32 of the FX Manual, the registration of inward investments (i.e., those made by non-residents) with the BSP or registering authorized agent banks (AABs; on behalf of the BSP) is optional. It is required only if the FX needed to fund the repatriation of capital and the remittance of earnings thereon will be purchased from AABs or their subsidiary/affiliate foreign exchange corporations (AAB forex corps). The BSP (or the registering AABs, on behalf of BSP) will issue a Bangko Sentral Registration Document (BSRD) evidencing the registration of inward investment.

**2. *Does the BSP issue certified true copy/ies of BSRD/s?***

No. The BSP only issues original and replacement BSRDs.

**3. *How do we know if the foreign investment shall be registered with the BSP or with a registering AAB?***

Section 36 of the FX Manual indicates the list of investments/instruments which shall be registered with the BSP, while Section 37 of the FX Manual provides the list of investments/instruments which shall be registered with the registering AABs.

**4. *Can an investee firm apply for the registration of a foreign investment even if the non-resident investor has already applied for same?***

No. Only one (1) application for registration per investment is allowed. The investor, or his authorized representative (usually the investee or a third party) shall file the request for registration.

**5. *What are the documents required to support application for registration of inward investments either with the BSP or registering AABs?***

Applications for registration of inward investments [either with the BSP (using Annex W of the FX Manual) or registering AABs] shall be supported by the following documents under Appendix 10.C of the FX Manual:

- a. proof of funding [e.g., Certificate of Inward Remittance (CIR) of FX];
- b. proof of the actual investment made as recorded in the books of the investee [e.g., Securities and Exchange Commission (SEC) registration with Articles of Incorporation and/or latest General Information Sheet duly received by the SEC, as applicable].

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<sup>1</sup> 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/MOREXT/MOREXT.pdf>

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

**6. *Does the BSP issue certificate/s to foreign nationals who intend to apply for a Special Resident Visa (SIRV)?***

In some cases, SIRV holders/applicants were endorsed to the BSP, through the International Operations Department (IOD), by the Board of Investments and Department of Tourism (DOT) for possible BSP registration of the SIRV holders/applicants' foreign investments in Philippine investee firms.

Furthermore, the BSP may issue a certificate of maintenance of investment to a SIRV holder under Executive Order No. 63 dated 07 November 1986 (Granting Incentives to Foreign Investment in Tourist-Related Projects and Tourist Establishments and for Other Purposes) with existing BSP-registered investments upon the request of the SIRV holder/foreign investor. Said document is submitted by the foreign investor to the DOT to support its application for SIRV renewal.

**7. *Are FX investments of resident corporations in Philippine joint ventures eligible for registration with the BSP?***

No. BSP registration is not applicable for investments of residents in another Philippine entity.

However, AAB/AAB forex corps may still sell FX (regardless of amount) to non-bank residents for their FX transactions (trade and non-trade transactions including loans and investments requiring settlement in foreign currency) with other residents pursuant to Part One, Chapter II of the FX Manual subject to the submission to the FX selling institution of a duly accomplished Application to Purchase FX (Annex A of the FX Manual) and supported by documents listed under Appendix 1 of the same Manual.

**B. INQUIRY ON PROOF OF FUNDING FOR INWARD FOREIGN INVESTMENTS**

**8. *What are the BSP requirements for the issuance of a Certificate of Inward Remittance (CIR) of FX?***

A CIR of FX may only be issued by banks if there was actual flow/inflow of FX to the Philippines. The BSP-prescribed format and guidelines/instructions for filling out a CIR can be found in Appendix 10.1 of the FX Manual.

**9. *Should the CIR to be issued by a bank be in the current version?***

Yes. The CIR to be issued by a bank should be in the latest version of the BSP-prescribed format under Appendix 10.1 of the FX Manual (i.e., currently under Version 5, updated as of 09 May 2023).

**10. *In filling out the CIR of FX form, is the bank required to indicate the conversion details of the inward remittance from FX to PHP?***

Yes. If there is actual conversion of the inward remittance of FX to PHP, the conversion details of the same should be indicated in the CIR of FX to be issued by the converting bank (which may be the same as the receiving bank or a different

bank) in the BSP-prescribed format (Appendix 10.1 of the FX Manual). In addition, the US Dollar equivalent of the FX (for currencies other than US Dollar) should be accordingly indicated in the CIR.

- 11. *Should the new CIR to be issued by the bank concerned that replaces a lost CIR issued in 2017 (Version 2) follow the current version of Appendix 10.1 of the FX Manual? If the non-resident investor has a photocopy of the lost Version 2 CIR, can this be considered as an alternative document to the current CIR Form and therefore, a replacement CIR is no longer needed?***

Yes. If a CIR issued in 2017 has been lost, the replacement CIR to be issued by a bank should be in its current version with a note that said CIR supersedes and replaces the lost CIR. However, if the non-resident investor has a photocopy of said lost CIR, such can be used as a proof of funding in connection with the investor's application for registration of its foreign investment.

- 12. *Is BSP authorization required for the replacement of a lost or erroneous CIR a bank issued?***

No. Banks may issue, without prior BSP authorization, another CIR to replace a lost or erroneous CIR, provided that it is indicated that the replacement CIR shall cancel and supersede the lost/erroneous CIR as provided under Appendix 10.1 of the FX Manual. A new and unique CIR number shall be generated for the replacement of lost or erroneous CIR.

- 13. *What is the BSP-prescribed format for the CIR number issued by an AAB?***

Pursuant to Appendix 10.1 of the FX Manual, the CIR number format should be YYYY-NNNNNN-BBBBBBBBBBBB wherein YYYY is for the year the CIR is issued, NNNNNN for the series number of the CIR and BB-BBBB-BB-BBB for the 11-digit enterprise-wide bank code [which consists of two (2)-digit bank kind, four (4)-digit bank identity, two (2)-digit bank type and three (3)-digit branch number].

- 14. *What other documents may be submitted as proof of funding in lieu of the CIR? Can an applicant submit a copy of a CIR initially submitted to the SEC to support its application for registration of foreign investments?***

Yes, the copy of the CIR initially submitted to the SEC can be considered as proof of funding to support the application for registration of foreign investments. Furthermore, bank certifications, debit/credit advices, passbooks, bank statements, financial statements, or other equivalent documents are acceptable proofs of funding, provided that such documents indicate the equivalent and salient information found in the CIR of FX pertaining to investment funds remitted by the non-resident investor [e.g., name and country of remitter, amount remitted (in original currency and USD equivalent), remittance/telegraphic transfer reference no., name of remitting foreign bank, name of onshore receiving bank, date of remittance, beneficiary] and its receipt and conversion to Pesos, if applicable, by the investee firm.

**15. *What are the proofs of funding for foreign investments funded by conversion of liability (e.g., foreign loan/bonds/notes/obligation) to equity?***

The acceptable proofs of funding are: (a) BSRD (if the liability was registered with the BSP) or document showing funding of the loan (e.g., CIR of FX issued by an AAB, bank certification or other proof of funding listed in Appendix 10.C of the FX Manual); and (b) Deed of Assignment of liability and conversion to investment/covering agreement or equivalent document; or certification executed by the authorized officer/representative of the investee firm attesting to the conversion of debt to investment.

**16. *Can a foreign investment funded through remittance in pesos be registered with the BSP?***

Investments funded by inward remittance of pesos is not an eligible form of funding for a foreign investment under the FX Manual. Furthermore, the provisions under Section 4<sup>2</sup> of the FX Manual shall apply.

**17. *When can an FX remittance transaction be classified as “constructive remittance of FX”, hence, eligible as proof of funding to support applications for registration of FDIs?***

Constructive remittance of FX refers to FX funding that is credited to the offshore account of resident investee/intended beneficiary/onshore bank without actual inward remittance of FX but the investment is accordingly booked onshore in the records of the investee firm.

This form of funding may involve a debit-credit arrangement between an onshore bank and an offshore counterparty bank wherein: (a) acquisition of FX funds by the onshore bank is not recorded in its books; and (b) there is eventual crediting of Pesos to the account of the resident investee firm.

This may also refer to a transaction with two (2) legs wherein the first leg pertains to FX funds debited from the account of a non-resident in an offshore bank while the second leg pertains to Peso funds debited from an existing Peso settlement/clearing account<sup>3</sup> of an offshore bank in an onshore bank for eventual credit to the Peso account of the investee firm. This type of constructive remittance involves correspondent banking between an offshore and an onshore bank.

**18. *What are the documentary requirements for constructive remittance of FX as a mode of funding the investment?***

For constructive remittance, the following documents may be considered as proof

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<sup>2</sup> Bringing in or taking out of the country (including electronically 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 is allowed up to PHP50,000 without prior authorization by the BSP. Amounts in excess of said limit shall require prior written authorization from the BSP. The term “electronic transfer” as used herein shall mean a system where the authority to debit or credit an account (bank, business or individual) is provided by wire, with or without a source document being mailed to evidence the authority.

<sup>3</sup> Account maintained by a bank with another bank to facilitate financial transactions, such as treasury or trade finance-related payments and remittances.

of funding:

- a. For debit-credit arrangement the onshore bank made with an offshore counterparty bank which resulted in the eventual crediting of peso to the account of the resident investee firm: Bank certification issued by the onshore bank or equivalent document indicating the following:
  - (i) FX deal amount/s;
  - (ii) exchange rate/s used;
  - (iii) date/s of credit to corresponding accounts and account numbers;
  - (iv) FX amount deposited to the offshore account of the onshore bank corresponding to the FX deal made (whether in the same offshore counterparty bank or in another offshore bank); and
  - (v) details of peso fund transfers to another onshore bank (as applicable); or
- b. For remittance made to the offshore account of the resident investee firm/intended beneficiary: Bank statement/s issued by the offshore receiving/depository bank showing the FX amount and date of its credit to the offshore account of the resident investee firm/intended beneficiary, or equivalent document.

**19. *Are FX investment funds remitted by a foreign entity to an escrow account in the Philippines eligible for registration with the BSP?***

Yes. The FX investment funds initially held in an escrow account may be registered, provided that the investee firm has: (a) duly complied with the terms and conditions stipulated in the share subscription agreement it executed with the non-resident investor; (b) actually received the FX investment funds from the escrow account; (c) recorded said investment funds in its corporate books in favor of the non-resident investor; and (d) complied with the documentary requirements for registration with BSP as provided in item 5 above.

**C. INQUIRY ON TRANSFERS OF BSP-REGISTERED INVESTMENTS/REINVESTMENT AND DIVESTMENT PROCEDURES**

**20. *In case the non-resident investor only desires to reinvest divestment proceeds from his registered investment to another domestic corporation without the intent of repatriating any capital or remitting the earnings from such new investment, should the new investment be registered with the BSP or registering AABs?***

No. The new investment need not be registered with the BSP or registering AABs if the non-resident investor does not intend to purchase FX from the banking system for the repatriation of capital and/or remittance of related earnings in pesos accruing thereon.

**21. *What guidelines shall be complied with by the non-resident investor for changes in the BSP-registered investments?***

For partial sale of registered investments which shall require changes to be made in the BSRD, the following provisions of Appendix 10.A of the FX Manual, shall apply:

- a) The BSP-IOD shall be notified of any change (including additional paid-in capital) in BSP-registered investments; and
- b) The existing BSRD of the previous non-resident investor shall be submitted to the BSP to effect the sale/transfer of/reduction in investments.

For changes in the name of the investor/investee not involving corporate restructuring and transfer ownership, the non-resident investor (or his duly authorized representative) shall submit to the BSP-IOD the existing BSRD for replacement and proof of change in the name of the investor/investee (e.g., consularized document, SEC Amended Articles of Incorporation) not later than one (1) month prior to the target date of purchase of FX.

A new BSRD shall be issued for requests to consolidate or replace old BSRDs of the non-resident investor. The original hardcopy of BSRD/s (for those issued before 27 March 2020) or electronic or printed copy of BSRD/s (for those issued starting 27 March 2020) issued in favor of the non-resident investor shall be submitted to the BSP-IOD for cancellation/replacement, as applicable.

For full sale of registered investments involving FX payments made offshore wherein the buyer (i.e., new investor) is also a non-resident, an application should be filed covering the registration of the transferred investment under the name of the new non-resident investor (Part I.A.3 of Appendix 10.C of the FX Manual). The required proof of funding documents includes the BSRD for the initial investment made, together with Deed of Transfer/Sale/Assignment or equivalent document.

However, if the buyer is a resident, the BSRD shall then be used by the selling non-resident shareholder to purchase FX from FX selling institutions to remit the divestment proceeds.

**22. *Can a non-resident investor purchase FX from banks to repatriate fully unutilized inward remittance of FX through AABs that were initially intended as deposit for future subscription due to the cancellation of the investee firm's increase in authorized capital stock (ACS)?***

Yes. The non-resident investor or its authorized representative may purchase from banks the FX equivalent of the excess peso funds from unrealized investments due to the cancellation of the investee firm's increase in its ACS without complying with the general rule on 50 percent minimum utilization under Section 38.4 of the FX Manual, subject to the submission to the FX selling institution of a duly accomplished and signed Application to Purchase FX (Annex A of the FX Manual) and the documents listed under Appendix 1.4 of the FX Manual.

**23. *Are non-resident investors allowed to purchase FX for their additional paid-in capital (APIC)?***

Yes. APIC is the premium paid by an investor over and above the par value of a stock. Creation of APIC has no corresponding increase in foreign ownership. Premium on par value of shares upon sale of capital stock is already eligible for servicing using FX resources of AABs/AAB forex corps once the base shares are already registered with the BSP. Thus, the base shares shall be registered

with the BSP to allow full and immediate repatriation of capital and remittance of related earnings thereon, including the premium on the total par value of the shares using the FX resources of AABs/AAB forex corps.

#### **D. INQUIRY ON LOST BSRDs**

##### **24. *What is the difference between replacement and reissuance of lost BSRDs for foreign investments?***

Replacement of lost BSRDs apply to: (i) original hardcopy BSRDs issued before 27 March 2020 (with or without change in any information/details of the registered investment); and (ii) BSRDs issued in electronic form starting 27 March 2020 with change/s in information/details of the registered investment.

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 non-resident investor (or his duly authorized representative) may apply for mere reissuance of same, provided that there has been no change in any information/details of the registered investment.

##### **25. *What are the requirements to support applications for replacement of lost BSRD/s?***

Applications for replacement of lost BSRD/s shall be supported by:

- a) Duly accomplished Application for Registration of Foreign Investments (Annex W of the FX Manual);
- b) Affidavit of Loss attesting to the following:
  - Loss of the BSRD;
  - The reason/circumstances surrounding the loss;
  - Affirmation that diligent search for the document/s declared lost has been done;
  - The investment remains intact and exists to date;
  - The outstanding balance of the investment;
  - The registration number/s and date/s; and
  - The number of shares registered under each registration and percentage of the foreign investment to the total shares subscribed and paid-up as applicable.
- c) Proof of authority from the non-resident investor if the request and affidavit of loss are accomplished and signed by a duly authorized representative.

##### **26. *What are the requirements to support requests for reissuance of lost BSRD/s?***

Requests for reissuance of lost BSRD/s issued in electronic form starting 27 March 2020 shall be supported by:

- a) Covering letter/email containing attestation on the following:
  - The reason/circumstances surrounding the loss of the BSRD;
  - Affirmation that diligent search for the document/s declared lost has been done;

- The investment remains intact and exists to date;
- The outstanding balance of the investment;
- The registration number/s and date/s; and
- The number of shares registered under each registration and percentage of the foreign investment to the total shares subscribed and paid-up, as applicable.

b) Proof of authority from the non-resident investor if the covering letter/email and accompanying attestation is accomplished and signed by a duly authorized representative.

**27. *What is the difference between the required authorization letter to transact business with the BSP when: (a) registering an investment; or (b) BSRD is lost?***

Application for registration of investment shall be supported by an *authority from the investor or investee* to transact on their behalf if the applicant is not the investor/investee. On the other hand, the application for replacement/request for reissuance of lost BSRD shall be supported by an *authority from the non-resident investor/s* if: (i) the affidavit of loss (for replacement of BSRD); or (ii) the covering letter/email and accompanying attestation (for reissuance of BSRD), are accomplished and signed by the duly authorized representative of the investor/investee.

**E. INQUIRY ON OUTWARD INVESTMENTS OF RESIDENTS**

**28. *Does the rule on outward investments by residents under Sections 43 and 44 of the FX Manual apply even if the issuer of the offshore instruments to be invested in is a resident?***

No. BSP regulations on outward investments by residents under Sections 43 and 44 of the FX Manual apply only if the issuer of the investment instrument is a non-resident.

However, AABs/AAB forex corps may still sell FX for a resident's investments in offshore instruments issued by another resident pursuant to the rules on resident-to-resident FX transactions under Part One, Chapter II of the FX Manual.

**29. *What are considered outward investments by residents that may be funded using foreign currency to be purchased from AABs/AAB forex corps? What are the documents required for the purchase of foreign currency from AABs/AAB forex corps for outward investments by residents?***

Under Section 44 of the FX Manual, outward investments by residents that may be funded using foreign currency to be purchased from AABs/AAB forex corps are those investments by residents in any of the following instruments: (a) issued/created offshore by non-residents (except foreign currency deposit accounts offshore); and (b) issued/created onshore by non-residents requiring settlement in foreign currency, provided these are not contrary to applicable Philippine laws, rules and regulations. Such outward investments include, among others, purchase of real properties abroad by residents.

Resident purchasers of foreign currency must submit to the FX selling institution a



duly accomplished Application to Purchase FX (Annex A of the FX Manual) and the documents listed under Appendix 1.4 of the FX Manual evidencing, among others, the outward investment to be made under the name of the resident investor.

Resident investors may purchase FX in excess of the USD60 million annual threshold without prior BSP approval, provided that the investor shall submit to the BSP a notification (Annex U of the FX Manual) at least 15 banking days after determination that total FX requirements will exceed the threshold and present to the FX selling institution a copy of the notice acknowledged by the BSP.

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

The Head of the Department or  
The Investment Management and Analytics Group (IMAG)  
International Operations Department  
3<sup>rd</sup> Floor, 5-Storey Building  
Bangko Sentral ng Pilipinas  
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