



Bangko Sentral ng Pilipinas
MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 698
Series of 2010

Subject: Reforms on the Foreign Exchange Regulatory Framework

Pursuant to Monetary Board Resolution No. 1496 dated 28 October 2010, the following provisions of the Manual of Regulations on Foreign Exchange Transactions (FX Manual) issued under Circular No. 645 dated 13 February 2009 are hereby amended as follows:

"Section 2. Sale of Foreign Exchange to Residents by AABs and AAB-Forex Corps for Non-Trade Current Account Transactions with Non-Residents. AABs and AAB-forex corps may sell foreign exchange to residents to cover payments to non-resident beneficiaries for non-trade current account purposes (e.g., educational expenses, medical expenses, travel expenses and salaries of foreign expatriates), other than those relating to foreign/foreign currency loans and investments, without need for prior BSP approval, subject to the submission/presentation of the following to the foreign exchange selling institution:

1. For sale not exceeding USD60,000 or its equivalent in other foreign currency
 - ☐ Duly accomplished application to purchase foreign exchange using the prescribed format (Annex A);
2. For sale exceeding USD60,000 or its equivalent in other foreign currency
 - ☐ Duly accomplished application to purchase foreign exchange using the prescribed format (Annex A), supported by documents prescribed under Item A of Appendix 1 hereof.

X x x"

"Section 3. Sale of Foreign Exchange to Non-Resident Tourists/Balikbayans by AABs and AAB-Forex Corps. AABs and AAB-forex corps may sell foreign exchange to non-resident tourists or balikbayans to the extent of the amount shown to have been sold by them for pesos to said entities. Departing non-resident tourists or balikbayans may reconvert at airports or other ports of exit unspent pesos up to a maximum of USD5,000 or its equivalent in other foreign

currency calculated at prevailing exchange rates, without showing proof/s of previous sale of foreign exchange for pesos.

"Section 13. Advance Payment. AABs and AAB-forex corps may sell foreign exchange to importers, up to USD1 million or its equivalent in other foreign currency without prior BSP approval, for partial or full advance payment for importations in accordance with the guidelines under Appendix 7 hereof including documents prescribed thereunder. The foreign exchange selling/remitting AAB shall report these transactions to the BSP-International Operations Department (IOD) using the prescribed forms (Annexes B and C). All applications to purchase foreign exchange in excess of USD1 million or its equivalent in other foreign currency to service advance payment for importations shall be filed directly with the BSP-IOD for prior approval."

"Section 29. Servicing of Loans

1. All foreign exchange purchases from AABs or AAB-forex corps for servicing of foreign/foreign currency loans shall be directly remitted to the creditor/beneficiary concerned on the day of purchase, unless otherwise explicitly allowed by BSP.

2. Payments for principal, interest, fees and related charges on loans duly registered with the BSP may be remitted through AABs as these fall due without prior BSP approval provided such interest, fees and charges are indicated in the BSP registration document, and upon presentation of documents prescribed under Item B of Appendix 1 hereof.

3. Payments for the following shall, however, be subject to prior BSP approval:

a. Prepayment of public sector/publicly guaranteed private sector loans;

b. All loans that are past due for more than 30 calendar days reckoned as follows:

1) For short-term loans, from the 360th day after availment; and

2) For MLT loans, from original maturity date.

c. Other loan-related fees/charges not authorized by the BSP; and

d. Loans covered by official rescheduling with Paris Club creditors.

4. AABs and AAB-forex corps may sell foreign exchange for prepayments (i.e., payments before original due dates) of MLT private sector loans (including bonds and notes) that are not publicly-guaranteed and are covered by a BSP registration document (BSRD) without prior BSP approval, subject to the following conditions:

- a. The borrower shall submit to the BSP-IOD a notice of their intention to prepay at least one (1) month prior to the target prepayment date indicating the following: name of creditor, BSP registration number for the loan, date of prepayment, amount to be prepaid in original currency, and remittance instructions (e.g., account number and recipient bank for the prepayment). After payment, the borrower shall submit to the BSP-IOD, proof/s of the payment made, together with copy of the duly stamped BSRD and its Form 2 report (Report on Foreign Borrowings for the month).
- b. The foreign exchange selling AAB/AAB-forex corp shall require the presentation by the borrower of documents prescribed under Item B, Appendix 1 hereof.
- c. The foreign exchange purchases shall not exceed USD50 million per day, provided that the total foreign exchange purchases shall not at any case exceed the amount to be prepaid. The daily limit shall be subject to periodic review to take into consideration prevailing conditions; revised limits shall be duly disseminated by the BSP.
- d. Advance foreign exchange purchases shall be deposited in the borrower's FCDU/offshore account pending remittance of the full amount to the creditor at the target prepayment date.
- e. The foreign exchange selling institution shall see to it that documents evidencing payment of applicable documentary stamp tax, if any, are presented/available.
- f. The foreign exchange sold shall be duly reported by the foreign exchange-selling AAB under FX Form 1 (Consolidated Report on Foreign Exchange Assets & Liabilities) – Schedule 4 following the deadline for submission of FX Form 1.

5. Applications to purchase foreign exchange for servicing of loan-related payments shall be submitted to any AAB or AAB-forex corp using the prescribed form (Annex A) and supported by documents prescribed under item B, Appendix 1 hereof.

6. AABs and AAB-forex corps shall not sell foreign exchange to residents for payment of foreign exchange obligations to residents other than AABs.

7. All loan payments made, irrespective of the source of the foreign exchange used, shall be reported by the borrower concerned to BSP-IOD using the prescribed form (Annex F)."

"Section 40. Repatriation and Remittance Privileges

1. Inward foreign investments duly registered with the BSP or with a custodian bank duly designated by the foreign investor, shall be entitled to full and immediate repatriation of capital and remittance of dividends, profits and earnings using foreign exchange to be purchased from AABs and AAB-forex corps.

2. Foreign exchange may be purchased from AABs and AAB-forex corps for outward remittance in an amount equivalent to the peso sales/divestments proceeds (including dividends, profits or earnings thereon) of BSP-registered foreign investments in accordance with the procedures outlined in Appendix 11 and supported by the documents prescribed under Items C.1 and C.2 of Appendix 1 hereof.

3. Registering banks for foreign investments may sell for outward remittance the equivalent foreign exchange of excess pesos funded with inward remittance of foreign exchange but not to exceed the amount of foreign exchange brought in less the amount actually used for BSP-registered investments made in the country, subject to the following conditions:

- a. the investor shall comply with the prescribed documents under Item C.3 of Appendix 1 hereof;
- b. such excess pesos should not have been utilized to fund any investment; and
- c. the remittance of the equivalent foreign exchange shall be reported to the BSP-IOD by the remitting AAB within two (2) banking days from the date of outward remittance, with copies of the prescribed supporting documents.

The foreign exchange purchases may be made by the resident agent on behalf of the non-resident investor for direct remittance to the non-resident beneficiary on the day of purchase."

"Section 44. Investments by Philippine Residents

1. Outward Investments.

a. Residents may undertake outward investments only if:

i. the investments are funded by withdrawals from the resident investor's FCDU account/s; or

ii. the funds to be invested are not among those required to be sold to AABs for pesos under existing BSP rules; or

iii. the funds to be invested are purchased from AABs or AAB-forex corps but in amounts not exceeding USD60 million or its equivalent in other foreign currency per investor per year, or per fund per year for qualified investors (QIs).

Application to purchase foreign exchange for outward investments (Annex A) shall be supported by documents prescribed under Item C.4 of Appendix 1 hereof.

b. Outward investments by residents (excluding AABs) funded with foreign exchange purchased from AABs or AAB-forex corps in excess of the USD60 million limit per investor per year shall require prior approval by the BSP: *Provided*, That the purchase of foreign exchange for outward investments by managed or trustee accounts (other than pooled funds) shall be considered as part of the foreign exchange purchases by the principal or trustor of such accounts for determining compliance with the limits. Outward investments of banks shall be subject to existing prudential regulations of the BSP.

c. QIs may apply with the BSP for a higher annual outward investment limit. For purposes of this section, QIs shall be limited to the following: insurance and pre-need companies; collective/pooled funds, whether in a corporate or contractual structure, such as mutual funds, unit investment trust funds and variable insurance; public or private pension or retirement or provident funds and such other entities and funds as the BSP may determine as QIs on the basis of such factors as financial sophistication, size and regularity of financial transactions, net

worth and size of assets being managed. The application of collective/pooled funds and pension, retirement and provident funds for a higher annual outward investment limit may be effected through its governing board or through its trustee.

2. Investments in bonds/notes issued by residents offshore. Residents may purchase foreign exchange from AABs or AAB-forex corps without prior BSP approval for investments in the following: (a) foreign currency-denominated bonds/notes of the Republic of the Philippines or other Philippine resident entities; and (b) peso-denominated bonds/notes of the Republic of the Philippines or other Philippine resident entities requiring settlement in foreign currency, *Provided, That:* such purchases shall be consolidated with foreign exchange purchases for outward investments under item 1.b hereof for purposes of determining compliance with the allowed limit, and supported by documents prescribed under Item C.5 of Appendix 1 hereof.

3. Foreign exchange acquired or received by residents as dividends/earnings or divestment proceeds from investments made under items 1 and 2 hereof funded by foreign exchange purchased from AABs or AAB-forex corps shall be inwardly remitted and sold for pesos through AABs within 30 banking days from receipt of the funds. For this purpose, an affidavit of undertaking shall be executed by the resident investor using the prescribed format (Annex K) to be submitted to the foreign exchange selling-AAB/AAB-forex corp, together with other documents prescribed under Items C.4 and C.5 of Appendix 1 hereof for the purchase of foreign exchange. The said proceeds, if intended for reinvestment in instruments covered by items 1 and 2 hereof, need not be inwardly remitted and sold for pesos through AABs: *Provided, That* such proceeds are reinvested within 30 banking days from receipt of the funds."

The following Appendices to and Annexes of the FX Manual have likewise been revised accordingly:

1. Annex A: Application to Purchase Foreign Exchange (Attachment 1 hereof);
2. Appendix 1: Minimum Documentary Requirements for the Sale of Foreign Exchange for Non-Trade Purposes (Attachment 2 hereof)
3. Appendix 7: Guidelines for the Sale of Foreign Exchange to Importers by AABs and AAB-Forex Corps for Advance Payment of Imports (Attachment 3 hereof);

4. Annex B: Monthly Report on Sale/Remittance of Foreign Exchange for Advance Payment of Imports (Attachment 4 hereof);
5. Annex C: Monthly Report on Purchase of Foreign Exchange from Refund of Advance Payment of Importations (Attachment 5 hereof);
6. Annex F: Monthly Report on Foreign Borrowings - *Form 2* (Attachment 6 hereof)
7. Annex K: Affidavit of Undertaking to Inwardly Remit Divestment Proceeds of Outward Investments by Residents (Attachment 7 hereof)
8. Monthly Report on Foreign Exchange Sales by AABs for Investments Enumerated under Section 44 of the FX Manual (Attachment 8 hereof)

Repealing Clause. This Circular supersedes/amends/modifies the provisions of existing circulars, memoranda and/or other regulations that are inconsistent herewith.

Effectivity. This Circular shall take effect 15 calendar days after its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

5 November 2010

APPLICATION TO PURCHASE FOREIGN EXCHANGE (FX)*

Reference No. _____

TO: _____
(Name of AAB/AAB-forex corp)

(Address)

I/We hereby apply to purchase foreign exchange with the following details:

APPLICANT:

Name : _____
Address : _____
Tel. No./Fax No./Email Address : _____
Tax Identification No. : _____
SSS/GSIS/Voter's ID No./Driver's Lic. No. : _____
(For individuals; please underline the appropriate ID used): _____

AMOUNT APPLIED FOR (Indicate foreign currency) : _____

PURPOSE: (please check appropriate box)

- | | |
|---|--|
| <p><input type="checkbox"/> Trade (payment for importations)</p> <p><input type="checkbox"/> Inward Foreign investments by Non-Residents¹</p> <p><input type="checkbox"/> Repatriation of Capital</p> <p><input type="checkbox"/> Remittance of Profits/Dividends/Earnings</p> <p><input type="checkbox"/> Remittance in FX equivalent of peso funds (funded by FX remittance) in excess of investments made in the Philippines²</p> <p><input type="checkbox"/> Outward Investments by Residents</p> <p style="padding-left: 20px;"><input type="checkbox"/> Direct Investment (Equity Capital)</p> <p style="padding-left: 20px;"><input type="checkbox"/> Portfolio Investment</p> <p style="padding-left: 40px;"><input type="checkbox"/> Equity Securities</p> <p style="padding-left: 40px;"><input type="checkbox"/> Debt Securities</p> <p><input type="checkbox"/> Investments by residents in foreign currency- denominated bonds/notes issued offshore by the Republic of the Philippines (RP) /other Philippine entities</p> <p><input type="checkbox"/> Investments by residents in peso- denominated bonds/notes issued offshore by RP/other Philippine resident entities to be settled in foreign exchange</p> | <p><input type="checkbox"/> Foreign/foreign currency loans¹</p> <p><input type="checkbox"/> Owed to Non-residents</p> <p><input type="checkbox"/> Owed to Offshore Banking Units</p> <p><input type="checkbox"/> Owed to residents (FCDUs/EFCDUs)</p> <p><input type="checkbox"/> Prepayment <input type="checkbox"/> Regular Payment</p> <p>Debt Account No.: _____</p> <p><input type="checkbox"/> Principal _____</p> <p><input type="checkbox"/> Interest _____</p> <p><input type="checkbox"/> Fees _____</p> <p><input type="checkbox"/> Others</p> <p><input type="checkbox"/> Services</p> <p style="padding-left: 20px;"><input type="checkbox"/> Non-merchandise Insurance</p> <p style="padding-left: 40px;"><input type="checkbox"/> premiums <input type="checkbox"/> claims/payables</p> <p><input type="checkbox"/> Passenger Tickets</p> <p><input type="checkbox"/> Travel Expenses</p> <p><input type="checkbox"/> Commissions</p> <p><input type="checkbox"/> Professional/Management Fees</p> <p><input type="checkbox"/> Royalties</p> <p><input type="checkbox"/> Communication Services</p> <p><input type="checkbox"/> Others (please specify) _____</p> <p><input type="checkbox"/> Income Payment³</p> <p><input type="checkbox"/> Transfers (e.g., grants, donations)</p> |
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BENEFICIARY: (Except for travel purpose, medical expenses not yet incurred and sales proceeds of emigrant's domestic assets if emigrant is still in the country)

Name : _____
Address : _____

I hereby certify that no foreign exchange has been purchased either on spot or deliverable forward basis and/or no swap contract/s has/have been entered into covering the same underlying transaction and that the foregoing information are true and correct.

Date of Application

Signature Over Printed Name

* To be accomplished for all FX purchases from AABs/AAB-forex corps

¹ For BSP-registered loans/investments

² Not to exceed amount of FX brought in less amount actually used for investments

³ Other than those related to loans and investments

APPENDIX 1

**Minimum Documentation Requirements* for the Sale of Foreign Exchange (FX)
for Non-Trade Purposes by Authorized Agent Banks (AABs)/AAB-Forex Corps**

A. Sale of FX for Non-trade Current Account Purposes under Section 2 of the Manual of Regulations on FX Transactions (FX Manual)	
Purposes	Documents Required (All originals except as indicated)
1. Foreign travel funds	Applicant's passport and ticket
2. Educational expenses/student maintenance abroad	Photocopy of proof of enrolment with, or billing statement from, school abroad
3. Correspondence studies	Photocopy of proof of enrolment with, or billing statement from, school abroad
4. Medical expenses	Photocopy of billing statement (for services rendered/expenses incurred abroad) or certification issued by doctor/hospital abroad indicating cost estimate (for the treatment/service to be administered/ rendered)
5. Emigrants' assets (including inheritance, legacies, and income from properties)	a. Photocopies of: <ul style="list-style-type: none"> i. Emigrant's visa or proof of residence abroad; ii. Notarized Deed of Sale of assets in the Philippines (e.g., real estate, vehicles, machineries/ equipment, etc.); and iii. Proof of income received from properties in the Philippines b. In the absence of the emigrant, a notarized Special Power of Attorney (SPA) for emigrant's representative/agent. If SPA was executed abroad, original of SPA authenticated by Philippine consulate abroad.
6. Salary/bonus/dividend/other benefits of foreign nationals (including peso savings)	a. Employment contract/Certification of employer showing amount of compensation paid to the foreign national during the validity of the contract, stating whether same had been paid in FX or in pesos; if in FX, proof that the FX was previously sold for pesos to AABs; <ul style="list-style-type: none"> b. ACR I-Card and DOLE Alien Employment Permit of the foreign national; c. Applicant's notarized certification that the FX remitted is net of local expenses incurred and/or previous transfers abroad; and d. If amount to be remitted comes from sources other

* 1) All purchases of FX must be accompanied by duly accomplished application to purchase FX using the prescribed format.

2) It is understood that when a bank certification regarding its client's deposit account is required, the owner of the account should have executed a notarized waiver of secrecy of its deposit.

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	than salaries/compensation, information regarding the sources supported by appropriate documents should be submitted.
7. Foreign nationals' income taxes due to foreign governments	a. ACR-I Card and DOLE Alien Employment Permit; and b. Photocopy of income tax return covering the income tax payment sought to be remitted.
8. Sales proceeds of foreign nationals' domestic assets	a. ACR I-Card; and b. Photocopy of proof of sale of asset/s indicating currency of payment
9. Producers' share in movie revenue/TV film rentals	a. Statement of remittable share rental or rental; and b. Photocopy of contract/agreement
9. Export commissions due to foreign agents	a. Billing statement from non-resident agent; and b. Photocopy of contract/agreement
10. Freight charges on exports/imports	a. Billing statement; and b. Photocopy of contract/agreement
12. Charters and leases of vessels/aircrafts	a. Billing statement from non-resident lessor/owner of vessel/aircraft; and b. Photocopy of contract/agreement
13. Port disbursements abroad for aircraft and vessels of Philippine registry or chartered by domestic operators and salvage fees	a. Billing statement; and b. Photocopy of contract/agreement
14. Satellite and other Telecommunication services	a. Billing statement; and b. Photocopy of contract/agreement
15. Other services (such as advertising, consultancy, information technology)	a. Billing statement; and b. Photocopy of contract/agreement
16. Share in Head Office Expenses (including reimbursements)	a. BSRD for the assigned capital in the branch; b. Audited schedule/s of allocation of expenses for the period/s covered; c. Certification from the Head Office that the share in Head Office expenses remains unpaid and outstanding; and d. Audited financial statements of the Philippine branch
17. Insurance/reinsurance premium due to foreign insurance companies	Billings/invoices of insurance companies/ brokers abroad
18. Claims against domestic insurance companies by brokers abroad	Billings/invoices from foreign insurer/ reinsurer
19. Net Peso revenues of foreign airlines/shipping companies	a. Statement of Net Peso Revenues (Peso revenues less expenses) certified by authorized officer of airline/shipping company; and b. Photocopy of contract/agreement

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20. Royalty / copyright / franchise / patent/ licensing Fees	a. Statement/computation of the royalty/ copyright/franchise/patent/licensing fee; and b. Photocopy of contract/agreement.
21. Net Peso Revenues of embassies/consulates of foreign countries	Statement of net peso revenues (Peso revenues less expenses) certified by the Embassy's/Consulate's authorized officer
22. FX obligations of Philippine credit card companies to international credit card companies/non-resident merchants	Summary billings
B. Sale of FX for Servicing Foreign/Foreign Currency Loans including Prepayments by Private Sector covered by Sections 22 to 31 of the FX Manual	
Purpose	Documents Required (All originals except as indicated) ¹
Loan Payments	
1. Medium/ Long-term foreign/foreign currency loans (with original maturities of over 1 year)	
a. Regular amortization/payment	<p>1.a. BSP registration letter and accompanying Schedule RA-2 (Part I: Schedule of Payments on BSP-Registered Foreign/FCDU Loans and Part II- Details of FX/Hedging Transactions for BSP-Registered Foreign/FCDU Loans; and</p> <p>1.b. Copy of billing statement from creditor.</p> <p>Amounts that may be purchased shall be limited to maturing amounts on scheduled due dates indicated in the registration letter. Purchase and remittance of FX shall coincide with the due dates of the obligations to be serviced, unless otherwise explicitly allowed by the BSP.</p> <p>or:</p> <p>2.a. BSP letter-authority for the borrower to purchase FX to service specific loan account/s and where applicable, the "Schedule of Foreign Exchange Purchases from the Banking System"; and</p>

¹ All original documents shall be stamped "FX-SOLD" indicating the date and amount of FX sold, and whether on spot or forward basis and signed by the seller's authorized signatory.

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<p>b. Prepayments of foreign/foreign currency loans of the private Sector that are not publicly-guaranteed</p> <p>2. Short-term foreign/foreign currency loans (with original maturity of up to 1 year)</p> <p>a. Loans from offshore creditors (banks and non-banks)</p> <p>b. Loans from FCDUs/OBUs</p>	<p>2.b. Copy of billing statement from creditor.</p> <p>Amounts that may be purchased shall be limited to the unutilized balance of the letter authority. Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced, unless otherwise explicitly allowed by the BSP.</p> <p>1.a BSP registration letter and accompanying Schedule RA-2 (Part I: Schedule of Payments on BSP-Registered Foreign/FCDU Loans and Part II-Details of FX/Hedging Transactions for BSP-Registered Foreign/FCDU Loans; and</p> <p>1.b Original of the BSP letter acknowledging receipt of the borrower's notice of prepayment</p> <p>1.a. BSP approval or registration letter showing loan terms and borrower's receiving copy of its report on short-term loans as submitted to BSP's International Operations Department (IOD); and</p> <p>1.b. Copy of billing statement from creditor.</p> <p>Amounts that may be purchased shall be limited to: (a) amounts/rates indicated in the BSP approval or registration letter; or (b) the outstanding balance of the loan indicated in the report, whichever is lower. Purchase and remittance of FX shall coincide with the due dates of the obligations to be serviced, unless otherwise explicitly allowed by the BSP.</p> <p>1.a. BSP approval or registration letter showing loan terms or certification from the lending bank on the amount outstanding; and</p> <p>1.b. Copy of billing statement from creditor.</p> <p>Amounts that may be purchased shall be limited to: (a) amounts/rates indicated in the BSP approval or registration letter; or (b) the</p>
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<p>Payments related to Guarantees and similar arrangements (including Risk Take Over arrangements)</p> <p>1. For FX liabilities arising from guarantees and similar arrangements [including Risk Take Over Arrangements (RTO)]</p>	<p>outstanding balance of the loan indicated in the bank certification, whichever is lower. Purchase and remittance of FX shall coincide with the due dates of the obligations to be serviced, unless otherwise explicitly allowed by the BSP.</p> <p>Or:</p> <p>2.a. For loans not requiring BSP approval/ individual registration², Promissory Note (PN) certified as true copy by the Head of the lending bank's Loans Department and certification from the lending bank:</p> <ul style="list-style-type: none"> i. On the principal amount still outstanding; ii. that the loan is eligible for servicing with FX to be purchased from the AABs/AAB-forex corps in line with existing regulations; iii. That the loan was used to finance trade transactions (as well as pre-export costs in the case of FCDU loans of exporters) of the borrower; and iv. On the date when the loan account was reported to the appropriate BSP department/office under the prescribed forms. (This may be dispensed with for new loans which may not have been reported yet to BSP as of date of application to purchase FX.) <p>2.b. Copy of billing statement from creditor.</p> <p>Amounts that may be purchased shall be limited to amounts/rates indicated in the bank certification or PN, whichever is lower. Purchase and remittance of FX shall coincide with the due dates of the obligations to be serviced, unless otherwise explicitly allowed by the BSP</p> <p>a. BSP approval of the resulting foreign/foreign currency obligation;</p> <p>b. Copies of:</p>
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² Individual registration means a BSP registration document is required

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<p>that do not involve foreign/FCDU loans</p> <p>2. Regular fees related to Build-Operate-Transfer (BOT) and similar financing schemes with transfer provisions</p>	<p>i. Agreements/contracts covered by the guarantee/similar arrangement;</p> <p>ii. Standby Letter of Credit (SLC) or guarantee contract/agreement for the guarantee;</p> <p>c. Proof/ notice of original obligor's default and creditor's call on the guarantee; and</p> <p>d. Billing statement from the non-resident or local bank guarantor</p> <p>a. BSP Registration Document</p> <p>b. Copy of the covering agreements/contracts</p> <p>c. Billing statement from the private sector project company/proponent</p>
<p>C. Sale of FX for Servicing of Foreign Investments, Investments by Residents and Related Transactions Covered by Sections 32 to 44 of the FX Manual</p>	
<p align="center">Purposes</p>	<p align="center">Documents Required (All originals except as indicated)³</p>
<p>Foreign Investments</p> <p>1. Capital Repatriation of:</p> <p>a. Portfolio Investments in:</p> <p> i. PSE-listed securities</p> <p> ii. Peso Government Securities</p> <p> iii. Money Market Instruments (MMI)</p> <p> iv. 90-day time deposits</p> <p>b. Foreign Direct Equity Investments</p>	<p>BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of broker's sales invoice</p> <p>BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of Confirmation of Purchase for Peso Government Securities</p> <p>BSRD and photocopy of Matured Contract for MMI</p> <p>BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of Matured Certificate of Deposits for 90-day time deposits</p> <p>a. BSRD;</p> <p>b. Photocopy of Proof of Sale or relevant documents showing the amount to be repatriated; in case of dissolution/capital reduction, proof of distribution of</p>

³ All original documents shall be stamped "FX-SOLD" indicating the date and amount of FX sold, and whether on spot or forward basis and signed by the seller's authorized signatory.

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	<p>funds/assets such as statement of net assets in liquidation;</p> <p>c. Photocopy of Clearance from appropriate department of the BSP-Supervision and Examination Sector (for banks), or from the Insurance Commission (for insurance companies), from the Department of Energy or from the National Power Corporation (for oil/natural gas/geothermal companies);</p> <p>d. Detailed computation of the amount applied for in the attached format (Annex N) prepared by the selling stockholder's representative;</p> <p>e. Photocopy of pertinent audited financial statements; and</p> <p>f. SEC clearance in case of dissolution.</p>
2. Remittance of Dividends/ Profits/ Earnings/ Interests	<p>a. BSRD or BSRD Letter-Advice;</p> <p>b. Photocopy of PSE-cash dividends notice and Phil. Central Depository (PCD) printout of cash dividend payment or computation of interest earned issued by MMI issuer or bank;</p> <p>c. Photocopy of secretary's sworn statement on the Board Resolution covering the dividend declaration;</p> <p>d. Photocopy of latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period (for direct foreign equity investments);</p> <p>e. For direct foreign equity investments, photocopy of clearance pertaining to the investee firm from BSP-Supervision and Examination Sector (for non-PSE listed banks), Insurance Commission (for insurance companies), Department of Energy or from the National Power Corporation (for oil/natural gas/geothermal companies); and</p> <p>f. Detailed computation of the amount applied for using the prescribed format (Annex N).</p>
3. Outward remittance in equivalent FX of pesos (funded by FX inwardly remitted) in excess of investments made in the country but not to exceed the amount of FX brought in less amount used for investments	<p>a. Original certificate of inward remittance (fully unutilized) or certified true copy of certificate of inward remittance (partially unutilized) showing inward remittance of FX and its conversion to pesos;</p> <p>b. Swift message/letter request from non-resident investor for return of excess funds;</p> <p>c. Bank certificate on the investor's peso cash account attesting credit of the excess peso funds to the account and that the amount has been outstanding since the date of credit and is sufficient to cover the amount applied for conversion to FX for remittance. In case the balance of the peso</p>

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	<p>account has fallen below the amount applied for conversion and outward remittance, the investor may only purchase up to the amount shown in the certificate.</p> <p>d. Statement from the custodian bank (for foreign portfolio investment) or from an authorized officer of the investee firm/selling investor (for foreign direct investment) on the investments made funded by a portion of the FX remittance.</p> <p>For refunds arising from the unapproved additional subscription of PSE-listed shares rights offering, the following additional documents shall be required in addition to Items 1 - 3 above:</p> <ul style="list-style-type: none"> a. PSE Circulars indicating declaration of stock rights/warrants offering and the pertinent procedures and implementing guidelines; b. Copy of the Subscription Agreement with validation of payment/Philippine Depository and Trust Corp. (PDTC) ledger; and c. Schedule of entitlement of the stock rights indicating the subscribed shares, the approved and unapproved additional shares. <p>For remittance of interest earned from the peso cash account, certification from the depository /custodian bank on the amount of interest pertaining to the excess peso funds for outward remittance.</p>
<p>4. Outward Investment</p> <p>a. Direct Equity Investments</p>	<ul style="list-style-type: none"> a. Photocopy of investment proposal/agreement, or subscription agreement; b. Photocopy of Deed of Sale or Assignment of the investments; c. A certification on the cumulative FX purchases from AABs and AAB-forex corps within the calendar year for outward investments, including investments in bonds/notes of the Republic of the Philippines and other Philippine entities; d. Affidavit of Undertaking to inwardly remit and sell for pesos through AABs within 30 banking days from receipt abroad the dividends/earnings or divestment proceeds from outward investments

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<p>b. Portfolio Investments</p>	<p>funded by FX purchased from AABs and AAB-forex corps using the prescribed format under Annex K;</p> <p>e. Photocopy of BSP approval on FX purchases from AABs and AAB-forex corps for outward investments, including investments in bonds/notes of the Republic of the Philippines and other Philippine entities, exceeding USD60 million per investor per calendar year; and</p> <p>f. Photocopy of clearance, regardless of amount, from the appropriate department of the BSP-Supervision and Examination Sector (SES) for outward direct equity investments of banks and from the Insurance Commission (IC) for outward investments of insurance companies.</p>
<p>5. Investments in FX-denominated bonds/notes and Philippine Peso-denominated bonds/notes (to be settled in foreign currency) issued offshore by the Republic of the Philippines and other Philippine entities</p>	<p>a. Photocopy of subscription agreement, or bond/stock offering;</p> <p>b. Photocopy of swift payment order instruction from the counterparty/broker/trader indicating the name of payee and type/kind of investment authenticated by the broker/trader;</p> <p>c. Photocopy of investor's order to broker/trader to buy the securities;</p> <p>d. A certification on the cumulative FX purchases from AABs and AAB-forex corps within the calendar year for outward investments, including investments in bonds/notes of the Republic of the Philippines and other Philippine entities;</p> <p>e. Affidavit of Undertaking to inwardly remit and sell for pesos through AABs within 30 banking days from receipt abroad of the dividends/earnings or divestment proceeds from outward investments funded by FX purchased from AABs and AAB-forex corps using the prescribed format under Annex K;</p> <p>f. Photocopy of BSP approval on FX purchases from AABs and AAB-forex corps for outward investments, including investments in bonds/notes of the Republic of the Philippines and other Philippine entities, exceeding USD60 million per investor per calendar year; and</p> <p>g. Photocopy of clearance, regardless of amount, from the Insurance Commission (IC) for outward investments of insurance companies.</p>

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	<p>buy the securities;</p> <p>d. A certification on the cumulative FX purchases from AABs and AAB-forex corps within the calendar year for investments in bonds/notes of the Republic of the Philippines and other Philippine entities, including for outward investments;</p> <p>e. Affidavit of Undertaking to inwardly remit and sell for pesos through AABs within 30 banking days from receipt abroad the dividends/earnings or divestment proceeds from foreign currency-denominated bonds/notes of the Republic of the Philippines and other Philippine entities funded by FX purchased from AABs and AAB-forex corps using the prescribed format under Annex K;</p> <p>f. Photocopy of BSP approval on FX purchases from AABs and AAB-forex corps for outward investments, including investments in bonds/notes of the Republic of the Philippines and other Philippine entities, exceeding USD60 million per investor per calendar year; and</p> <p>g. Photocopy of clearance, regardless of amount, from the Insurance Commission for investments by insurance companies</p>
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All FX purchases for non-trade transactions shall be directly remitted to the (a) intended non-resident beneficiary's account (whether offshore or onshore); or (b) resident creditor bank, whose FCDU loans are eligible to be serviced with FX purchased from the banking system. Exceptions to this rule include travel funds, medical expenses abroad not yet incurred, and sales proceeds of emigrant's domestic assets if emigrant is still in the country.

**Guidelines for the Sale of Foreign Exchange (FX) to Importers by
AABs and AAB-Forex Corps Up to USD1 million or its Equivalent in other
foreign currency for Advance Payment of Imports**

Sale of FX up to USD1 million or its equivalent in other foreign currency for full or partial advance payment of imports may be done without prior BSP approval¹ subject to the following guidelines:

1. AABs or AAB-forex corps shall require presentation of the original/submission of copies of the following documents prior to the sale of FX for advance payment of imports:
 - a) purchase order (PO);
 - b) sales contract (SC) or proforma invoice (PI) signed by the resident importer and foreign supplier requiring payment of the importation in advance and indicating the intended delivery period of the imported goods; and
 - c) notarized Letter of Undertaking (LOU) to the effect that if the importation is cancelled, the importer shall inwardly remit the FX refunded by the foreign supplier and sell same for pesos to the FX selling/remitting AAB on the same date.
2. If the seller of FX is an AAB, the FX sale and remittance shall be transacted on the same date and shall involve only one AAB. The FX remittance shall be made directly to the foreign supplier and serviced at the exchange rate prevailing at the time of remittance, subject to the applicable tax provisions of the National Internal Revenue Code, as amended. If the selling entity is an AAB-forex corp, the FX proceeds shall be remitted to the foreign supplier through the parent AAB. The remitting AAB shall see to it that sales of FX by its AAB-forex corp subject for remittance are made in accordance with existing rules.
3. The importer shall present to the FX selling/remitting AAB the original shipping documents [import invoice and bill of lading (BIL) or air waybill (AWB)] where the date and amount of FX sold/remitted shall be stamped and duly signed by the AAB's authorized signatory, and the Bureau of Customs Import Release Documents, within three (3) banking days after receipt thereof.

¹ Sale of FX exceeding USD1 million or its equivalent for advance payment of imports shall require prior BSP approval.

4. Submission by the FX selling and remitting AAB to the BSP-ID of the following reports:
 - a. Monthly Report on Sale/Remittance of FX for Advance Payment of Importations up to USD1 million or its equivalent in other foreign currency (Annex B) - within the first five (5) banking days of the month succeeding the date of FX sale/remittance; and
 - b. Monthly Report on Purchase of FX from Refund of Advance Payment of Importations up to USD1 million or its equivalent in other foreign currency (Annex C) - within the first five (5) banking days of the month succeeding the receipt of the refund.
5. The FX selling/remitting AAB shall report to the BSP under FX Form 1 (Consolidated Report on Foreign Exchange Assets and Liabilities) the following transactions:
 - a. The remittance of FX by the AAB for advance payment of imports as "Import Advances/Down Payments" (Code No. 040) under Schedule 4 (FX Disposition for Loans);
 - b. The purchase of FX by the AAB from the importer arising from a refund of advance payment on cancelled imports as "Refund of Import Advances/Down Payments" (Code No. 040) under Schedule 3 (FX Acquisition from Loans); and
 - c. In case of importations with partial advance payment whose balance is payable through letters of credit (L/Cs), documents against acceptance (DA), open account (OA), documents against payment (DP), or direct remittance (DR), such balance shall be reported under the following Schedules:
 - 1) Schedule 10 [Import Letters of Credit (L/Cs) Opened and DA-OA Import Availments and Extensions] for L/C (upon opening) and for DA-OA (upon availment); and
 - 2) Schedule 11 (Import Payments) upon payment.
6. The foregoing rules on advance payments shall apply to importations under all modes of payment.

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Deadline: five (5) banking days from the end of reference month when FX sale was made
Submission: International Operations Department, Bangko Sentral ng Pilipinas

Name of Bank

**Monthly Report on Sale/Remittance of Foreign Exchange (FX)
for Advance Payment of Importations up to USD1 million
For the Month of _____**

[illegible]

I certify that the above information are true and correct:

Signature Over Printed Name of Authorized Officer _____
 Position: _____
 Tel. No. _____
 Date: _____

Deadline: Within 3 working days after end of reference month
Submission: International Operations Department

BANGKO SENTRAL NG PILIPINAS
INTERNATIONAL OPERATIONS DEPARTMENT
REPORT ON FOREIGN BORROWINGS
For the Month of _____
(In Original Currency)

Name of Borrower _____

[illegible]

1/ Please indicate whether payments were sourced from own funds (CRX) or from the banking system (CRE).

Signature of Authorized Officer

Position: _____
 Tel No. _____ Fax No. _____

ANNEX K

AFFIDAVIT OF UNDERTAKING

I, _____ (name of client), of legal age, Filipino and a resident of _____, after being duly sworn in accordance with law, depose and state that:

1. I am the duly appointed _____ (Position/Designation), of _____ (Name of Company), a corporation duly organized and existing under the laws of the Philippines, with office at _____;
2. That I/our company will purchase foreign exchange in the amount of US\$ _____ from _____ (Name of bank) located at _____ to fund my/our company's investment in _____ (Type of investment/instrument) issued by _____ (Name of Issuer of investment/instrument) of _____ (country);
3. In compliance with existing regulations on sale of foreign exchange by AABs and AAB-forex corps to residents for outward investments, including investments in bonds/notes issued by residents, I/our company undertake to inward remit and sell for pesos through AABs the dividends/earnings or divestment proceeds from the said investments together with the dividends/earnings from the reinvestment thereof within 30 banking days from date of receipt abroad of the dividends/earnings or divestment.

In witness whereof, I have hereunto signed this Affidavit of Undertaking on this _____ day of _____ at _____, Philippines.

Signature over Printed Name

SUBSCRIBED AND SWORN TO before me this _____ day of _____, _____ affiant exhibiting to me his/her Community Tax Certificate No. _____ issued on _____ at _____.

NOTARY PUBLIC

Doc. No. :
Book No. :
Page No. :
Series of _____

BSP-IOD Form No. _____

For submission to:
International Operations Department
Room 301, 5-Storey Building
Bangko Sentral ng Pilipinas Complex
Makati, Manila

Deadline:
Five (5) banking days after end of
reference month

MONTHLY REPORT ON FOREIGN EXCHANGE (FX) SALES BY AUTHORIZED AGENT BANKS (AABs) FOR INVESTMENTS ENUMERATED UNDER SECTION 44 OF THE FX MANUAL

Name of Reporting Bank: _____
Address: _____
Month/Year: _____

PART I. FX SALES FOR PORTFOLIO INVESTMENTS

Investor		Investee		Type of Security ²	No. of Shares Purchased ³	Amount of Foreign Currency (FC) Sold		Date of FC Sale and Remittance (MM/DD/YY)
Name	Address & Contact No.	Company Name	Type ¹			In Orig. Currency ⁴	US\$ Equivalent	

PART II. FX SALES FOR DIRECT INVESTMENTS

Investor		Investee		No. of Shares Purchased ³	Amount of FC Sold		Date of FC Sale and Remittance (MM/DD/YY)
Name	Address & Contact No.	Company Name	Type ¹		In Orig. Currency ⁴	US\$ Equivalent	

Note: Copies of the written undertaking to inward remit investment proceeds and earnings submitted by each investor shall be attached to this report.

¹ Please indicate if investee is a bank (BNK), other financial institution (OFI), non-financial corporation (CPN), foreign branch (BR) or other form of business organization (which shall be specified).
² E.g.: Foreign issued bonds, bills and notes - Government, Foreign issued bonds, bills and notes - Private
Foreign listed stocks, Money market instruments, Negotiable certificates of deposits, Foreign currency denominated bonds/notes of the Republic of the Philippines (ROP) or other Philippine entities.
³ If investment is in shares of stock
⁴ E.g.: JPY500, 100

Certified Correct: _____ Date: _____

(Signature over Printed Name)

(Position Title)

Department in Bank: _____
Phone No/s: _____
Fax No/s: _____
E-Mail Address: _____