**Guidelines Covering Inward Investments under Section 37 of the FX Manual**

 The following guidelines shall apply to registration, repatriation/remittance, and reporting of inward investments under Section 37 of the FX Manual:

1. **Registration of investments with registering AABs[[1]](#footnote-1)**
2. **Applications for registration**
3. Registration of investments under Sections 37 shall be done by registering AABs on behalf of the BSP based on prescribed supporting documents (i.e., proof of funding and investment made) listed under Appendix 10.C of the FX Manual and a duly accomplished “Authority to Disclose” form under Appendix 10.4.
4. The BSRD to be issued by the registering AABs shall be signed by an authorized officer as prescribed by the BSP-IOD. A separate BSRD shall be issued to a non-resident exclusively for all investments in the following:
	1. Securities issued by non-residents and are listed at an onshore exchange[[2]](#footnote-2) (with the suffix “NR” in the registration number); and
	2. Instruments under Section 37 of the FX Manual funded by peso proceeds of non-residents’ securities listed at an onshore exchange2 (with the suffix “P” in the registration number).
5. For initial registration[[3]](#footnote-3), the registering AABs shall submit to BSP-IOD
at iod-pid@bsp.gov.ph, a copy of the BSRD issued in the name of the non-resident investor and original Authority to Disclose Information (Appendix 10.4), within two (2) banking days from registration date.

The original BSRD and other supporting documents listed under
Appendix 10.C of the FX Manual shall remain in the custody of the registering AABs but shall be made available upon request by the BSP for verification purposes.

1. All changes in the investments3 (e.g., additional investments, reduction in investments, dividend declaration, transfers) shall be reflected in the records of the investor maintained by the registering AABs.

 Additional investments covering uplifted/transferred shares to an onshore exchange issued by non-residents and previously listed in an international exchange shall likewise be reflected.

 The changes shall be reported to the BSP-IOD by the registering bank within
two (2) banking days from registration/settlement/actual remittance date (as applicable) under the Report on Investments Registered with AABs.

1. Registration covering investments in peso time deposits shall also reflect:
(a) extensions/roll-overs[[4]](#footnote-4) of the investment, if any; or (b) cancellation of the registration for such investments (if deposits are pre-terminated before 90 days).
2. For instruments used as collateral acquired from non-residents and residents involving transfer of legal/beneficial ownership of the collateral to the non-resident investor/transferee/lender, the registering AAB shall: (a) annotate the original BSRD/ledger of the original non-resident investor/transferor/borrower to reflect such transfer; and/or (b) issue a new BSRD (in case the new non-resident investor/transferee/lender has no existing BSRD) or annotate the BSRD/ledger (in case new non-resident investor/transferee/lender has an existing BSRD), to allow servicing using FX resources of AABs/AAB forex corps by the new non-resident investor/ transferee of earnings accruing on the transaction/arrangement involved.

For the duration of the agreement involving instruments used as collateral, the AABs shall ensure that the terms of the agreement, as well as applicable provisions hereof, will be complied with (e.g., sale of collateral).

Upon the termination of the contract (as applicable) where the new non-resident investor/transferee/lender shall return the same or equivalent securities to the original investor/transferor/borrower, the registering AAB shall annotate the BSRD/ledger of the new non-resident investor/transferee/lender to cancel the registration of the same or equivalent securities to be returned to the original investor/transferor/borrower. The registering AAB shall annotate the BSRD of the original non-resident investor/borrower for the securities returned.

1. **Cancellation of BSRDs**

For BSP-registered inward investments that have been fully divested by the
non-resident investor, the designated registering AABs shall surrender the original BSRD to the BSP-IOD for cancellation within five (5) banking days from date of full remittance of divestment proceeds.

1. **Repatriation of capital/remittance of related earnings**
2. AABs/AAB forex corps may sell FX to the non-resident investor or his resident agent/authorized representative without prior BSP approval the equivalent of peso sales/divestment proceeds and related earnings from BSP-registered inward investments for remittance to the non-resident investor (whether onshore or offshore) evidenced by the supporting documents listed under [Appendix 1](file:///E%3A%5C%2804%29%20Circular%20and%20Attachments%5CAttachments%5C%2815%29%20Power%20Microfinance%20ETFs%20PDRs%20New%20Proposals%5C02%20After%20Meeting%20With%20Gov%2027%20March%202017%5CWITH%20RED%20AND%20STRIKETHROUGH%5CAttachments%5CAppendix%201.doc).4 of the
FX Manual.
3. Whenever the repatriation/remittance shall be effected through an AAB other than the registering AAB, or the transaction was made through a stock broker other than the registering AAB, the registering bank/broker, upon request by the remitting bank or selling broker, shall issue a BSRD Letter Advice (BSRDLA) authorizing the latter to use (in full or partially) the remaining shares covered by the BSRD. The remitting AAB shall only effect the remittance evidenced by the supporting documents listed under [Appendix 1](file:///E%3A%5C%2804%29%20Circular%20and%20Attachments%5CAttachments%5CFor%20discussion_022018%5CAppendix%201.doc).4 of the FX Manual.
4. A BSRDLA shall be issued if there is an intended outward remittance/ repatriation and shall expire one (1) month from issuance date. After its expiry, the BSRDLA can no longer be used as basis for purchasing foreign exchange (FX) from AABs/AAB forex corps to service capital repatriation/remittance of earnings. The expired BSRDLA may be applied for renewal/extension with the BSP-IOD.

A BSRDLA may also be issued by a registering bank in favor of another registering bank for transactions involving peso sales proceeds of a registered investment which will: (a) fund a new investment to be registered by the latter; and (b) be deposited in the non-resident investor’s account with the latter bank. A BSRDLA may also be issued to transfer funds between interim peso deposit accounts (IPDs) of a
non-resident investor in different banks.

1. **Reporting**
	* 1. All transactions on registered investments shall be reported by the registering/remitting AABs to BSP-IOD at iod-pid@bsp.gov.ph[[5]](#footnote-5) within two (2) banking days from registration/settlement/actual remittance date under the Report on Investments Registered with AABs[[6]](#footnote-6) and Report Interim Peso Deposits of Foreign Investments Registered with AABs (Annex AC), together with the original CIR of FX. The AAB through its authorized officer, as prescribed by the BSP, shall attest to the: (a) veracity and accuracy of the report; (b) integrity and authenticity of the submitted documents; and (c) availability of the electronic/digital/original/photocopy of documents (as applicable) upon request by the BSP for verification.

The AABs shall make available supporting documents listed in Appendix 1.4 upon request by the BSP for verification purposes.

* + 1. Registering AABs shall likewise submit to the BSP-IOD at
		iod-pid@bsp.gov.ph the following, using the prescribed forms:
			- 1. Report on Foreign Direct Investments Registered with AABs (Annex AD) on a monthly basis within five (5) banking days from end of reference month; and
				2. Report on Outstanding Investments Registered with AABs (Annex AB) on a quarterly basis within 15 banking days from end of reference quarter.
1. Inward investments need not be registered unless the repatriation of capital and/or the remittance of related earnings shall be funded with FX resources of AABs/AAB forex corps. [↑](#footnote-ref-1)
2. Such as uplifted shares from an offshore exchange [↑](#footnote-ref-2)
3. Including transactions involving instruments used as collateral and securities borrowed/lent [↑](#footnote-ref-3)
4. Extension/roll-over after the 90-day minimum tenor is allowed provided that extension/roll-over is made on the maturity date of the investment. [↑](#footnote-ref-4)
5. The subject line of the email shall indicate the following: Report on Investments Registered with AABs <bank name> <report date>. This format shall likewise be the filename convention for the attached report [↑](#footnote-ref-5)
6. Posted at the BSP website. In accomplishing the report, AABs shall be guided by the Portfolio Investment Monitoring System-Manual of Instructions in Appendix 11.1B. [↑](#footnote-ref-6)