



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 874

Series of 2015

Subject: Amendments to regulations under the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended

Pursuant to Monetary Board Resolution Nos. 600 dated 10 April 2014, 1733 dated 30 October 2014, 1760 dated 6 November 2014, 209 dated 13 February 2015, and 434 dated 19 March 2015, the following provisions of the Manual of Regulations on Foreign Exchange Transactions (issued under Circular No. 645 dated 13 February 2009, as amended) are further revised as follows:

"Section 4. Cross-Border Transfer of Local and Foreign Currencies

1. Local Currency. No person may import or export nor bring with him into or take out of the country, or electronically transfer, legal tender Philippine notes and coins, checks, money order and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount exceeding PHP10,000.00 without authorization by 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.

The peso amount of the International Passenger Service Charge (IPSC) refunded to outbound exempt passengers¹ shall not be included in the aforesaid PHP10,000 limit during the implementation of said IPSC refund.

x x x"

¹ Those passengers exempted under Philippine laws from payment of travel tax, airport tax and other travel related taxes or fees, which include the following:

- a. Philippine Sports Commission and its delegations or representatives to any international sports convention, conference and meeting, and athletes, coaches and other officials to any international competition under Republic Act (R.A.) No. 6847 (The Philippine Sports Commission Act); and
- b. Overseas Filipino Workers (OFWs) under R.A. No. 10022 (Migrant Workers and Overseas Filipinos Act of 1995);

Provided that, refund is made prior to departure at airports or other ports of exit.

“Section 8. Modes of Payment for Imports. AABs and/or AAB-forex corps may sell foreign exchange to service payments for imports under any of the following arrangements subject to the provisions of Sections 9 to 13 and the guidelines covering the sale of foreign exchange for trade transactions under Appendices 4, 6.1 and 7:

1. Letter of Credit (L/C);
2. Documents Against Payment (D/P);
3. Documents Against Acceptance (D/A);
4. Direct Remittance (DR);
5. Advance Payment; and
6. Open Account (O/A) including intercompany netting arrangement among non-bank related parties

Intercompany netting arrangement may also be used as settlement for trade in services but not for settlement of foreign/foreign currency loans and investments. For this purpose, the following definitions are adopted:

- i. **Related parties** refer to non-bank parent/subsidiaries/affiliates/head office/branch, provided that the intercompany netting arrangement is between a resident and a non-resident.
- ii. **Affiliate (of a non-bank)** refers to a non-bank entity linked directly or indirectly to a non-bank by means of any of the following:
 1. Ownership, control or power to vote, of ten percent (10%) to fifty percent (50%) of the outstanding voting stock of the entity, or vice-versa;
 2. Interlocking directorship² or officership, except in cases involving independent directors as defined under existing regulations;
 3. Common stockholders owning ten percent (10%) to fifty percent (50%) of the outstanding voting stock of each non-bank entity;
 4. Management contract or any arrangement granting power to the non-bank to direct or cause the direction of management and policies of the non-bank counterpart, or vice-versa; and
 5. Permanent proxy or voting trusts in favor of the non-bank constituting ten percent (10%) to fifty percent (50%) of the outstanding voting stock of the non-bank entity, or vice-versa.”

² When at least one of the directors of one corporation/entity is also the director of the other corporation/entity.

“Section 11. Documents Against Acceptance (D/A) and Open Account (O/A) Arrangements.

X X X

The guidelines for reporting, payments and extensions of maturity of importations under D/A or O/A arrangements are shown in Appendix 6. For importations which shall be settled via intercompany netting arrangement under Section 8.6 hereof, the guidelines for sale, remittance and reporting are contained in Appendix 6.1.”

“Section 18. Modes and Currency of Payment

1. Authorized Modes. Payments for exports may be made under any of the following modes without prior BSP approval: x x x

d. Open Account (O/A) arrangement including intercompany netting among non-bank related parties;

For this purpose, the following definitions are adopted:

- i. **Related parties** refer to non-bank parent/subsidiaries/affiliates/head office/branch, provided that the intercompany netting arrangement is between a resident and a non-resident.
- ii. **Affiliate (of a non-bank)** refers to a non-bank entity linked directly or indirectly to a non-bank by means of any of the following:
 1. Ownership, control or power to vote, of ten percent (10%) to fifty percent (50%) of the outstanding voting stock of the entity, or vice-versa;
 2. Interlocking directorship³ or officership, except in cases involving independent directors as defined under existing regulations;
 3. Common stockholders owning ten percent (10%) to fifty percent (50%) of the outstanding voting stock of each non-bank entity;
 4. Management contract or any arrangement granting power to the non-bank to direct or cause the direction of management and policies of the non-bank counterpart, or vice-versa; and
 5. Permanent proxy or voting trusts in favor of the non-bank constituting ten percent (10%) to fifty percent (50%) of the

³ When at least one of the directors of one corporation/entity is also the director of the other corporation/entity.

outstanding voting stock of the non-bank entity, or vice-versa; and

e. Consignment.

x x x”

“Section 22. The BSP shall regulate foreign/foreign currency loans to ensure that principal and interest owed to creditors can be serviced in an orderly manner and with due regard to the economy’s overall debt servicing capacity. x x x

7. Private sector non-bank borrowers shall maintain a long-term debt-to-equity ratio of 75/25 or better during the entire duration of their foreign/foreign currency loans, except as may be explicitly allowed by the BSP.”

“Section 24. Loans Not Requiring Prior BSP Approval. The following loans may be granted without prior approval of the BSP: x x x

2. Short-term interbank loans as allowed under existing BSP rules, e.g., interbank call loans.

x x x”

“Section 101. Reportorial Requirements. The following reports are required to be submitted to the BSP by AABs, OBUs, and AAB-forex corps, where applicable:

Title of Report	Submission Frequency/Deadline	Submission Procedure
B. Foreign Trade Transactions		
x x x		
Monthly Report on Purchase of Foreign Exchange (FX) from Refund of Advance Payment of Importations (Annex C)	Monthly, within the first five (5) banking days of the month succeeding the receipt of the refund	Hard copy to IOD
Report on Transactions under Intercompany Netting Arrangements (Annex Z)	Weekly, within five (5) banking days from end of reference week	Email to IOD at iod-net@bsp.gov.ph
x x x		

x x x”

The following Appendices/Annexes to the FX Manual have been added/revised:

A. New –

1. Appendix 6.1: Guidelines for Reporting of Foreign Exchange Obligations and Sale and Remittance of Foreign Exchange under Intercompany Netting Arrangements⁴
2. Annex Z: Report on Transactions Under Intercompany Netting Arrangements
3. Annex Z.1: Statement of Receivables and Payables

B. Revised –

1. Appendix 1: Minimum Documentary Requirements for the Sale of Foreign Exchange by Authorized Agent Banks (AABs)/AAB-Forex Corps for Non-Trade Purposes
2. Appendix 4: Guidelines Covering the Sale of Foreign Exchange by AABs and AAB-Forex Corps for Trade Transactions
3. Appendix 6: Guidelines for Reporting, Payments and Extensions of Maturity of Importations Under D/A or O/A Arrangements
4. Appendix 18: Guidelines and Minimum Documentary Requirements for Foreign Exchange Forward and Swap Transactions

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

8 April 2015

⁴ Previous contents of Appendix 6.1 were merged in Appendix 6 of the FX Manual.

(As clarified by Circular Letter No. CL-2010-009 dated 5 February 2010, and amended by Circular No. 698 dated 05 November 2010, Circular No. 742 dated 21 November 2011, Circular No. 794 dated 18 April 2013 Circular No. 815 dated 18 October 2013, Circular No. 818 dated 06 November 2013 and Circular No. 874 dated 8 April 2015)

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

A. Sale of FX for Non-trade Current Account Purposes¹ under Section 2 of the Manual of Regulations on FX Transactions (FX Manual)	
Purpose	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)	<p>a. Photocopies of:</p> <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 <p>b. In the absence of the emigrant, a notarized Special Power of Attorney (SPA) for emigrant's representative/</p>

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

b) 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.

** All FX purchases for non-trade transactions shall be directly remitted to the: (a) intended beneficiary's account (whether offshore or onshore); or (b) payment/treasury centers/hubs of a group of companies (whether onshore or offshore) for non-trade current account purposes under item A; or (c) resident creditor bank, whose FCDU loans are eligible to be serviced with FX purchased from the banking system. Exceptions to this rule are: travel funds, medical expenses abroad not yet incurred, and sales proceeds of emigrant's domestic assets if emigrant is still in the country.

¹ a) These include FX purchases for downpayments and progress billings for non-trade services rendered/to be rendered by non-residents, where applicable.

b) For all FX purchases (regardless of amount) for remittance to payment/treasury centers/hubs (whether onshore or offshore), residents shall present to the FX selling AAB and/or AAB-forex corps an agreement or similar document, certified as true copy by the client's authorized officer, showing that payments intended for non-resident beneficiaries should be made to the specific payment/treasury centers/hubs. For settlement of services to payment/treasury centers/hubs (whether onshore or offshore) under netting arrangements, a certified true copy each of the netting statement and netting agreement shall also be presented. The document shall be retained by the FX selling institution for future transactions under the same agreement.

APPENDIX 1

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(As clarified by Circular Letter No. CL-2010-009 dated 5 February 2010, and amended by Circular No. 698 dated 05 November 2010, Circular No. 742 dated 21 November 2011, Circular No. 794 dated 18 April 2013, Circular No. 815 dated 18 October 2013, Circular No. 818 dated 06 November 2013 and Circular No. 874 dated 8 April 2015)

	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)	<ul style="list-style-type: none"> 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; 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 than salaries/compensation, information regarding the sources supported by appropriate documents should be submitted.
7. Foreign nationals' income taxes due to foreign governments	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> a. Statement of remittable share rental or rental; and b. Photocopy of contract/agreement
10. Export commissions due to foreign agents	<ul style="list-style-type: none"> a. Billing statement from non-resident agent; and b. Photocopy of contract/agreement
11. Freight charges on exports/imports	<ul style="list-style-type: none"> a. Billing statement; and b. Photocopy of contract/agreement
12. Charters and leases of vessels/aircrafts	<ul style="list-style-type: none"> a. Billing statement from non-resident lessor/owner of vessel/aircraft; and b. Photocopy of contract/agreement
13. Leases of equipment and other capital goods owned and/or leased by non-resident entities to residents	<ul style="list-style-type: none"> a. Billing statement from non-resident lessor and/or owner of the equipment and other capital goods; b. Photocopy of contract/agreement; and c. Shipping documents
14. Port disbursements abroad for aircraft and vessels of Philippine registry or chartered by domestic operators and salvage fees	<ul style="list-style-type: none"> a. Billing statement; and b. Photocopy of contract/agreement
15. Satellite and other Telecommunication services	<ul style="list-style-type: none"> a. Billing statement; and b. Photocopy of contract/agreement
16. Other services provided by non-residents (such as advertising, underwriting including brokers' fees for initial public offering involving Philippine shares, consultancy, information technology, etc.)	<ul style="list-style-type: none"> a. Billing statement; and b. Photocopy of contract/agreement <p><u>For underwriting fees/commissions/related expenses:</u></p> <ul style="list-style-type: none"> a. Copy of the international underwriting agreement or similar agreement/contract which shows the fees/

APPENDIX 1

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	<p>commissions and related expenses and offer price;</p> <p>b. Detailed computation of the amount subject for remittance certified by the authorized officer of the issuer; and</p> <p>c. Proof of listing of the IPO shares in the PSE</p> <p><u>For Foreign Broker's Commission</u></p> <p>a. Certified true copy of the covering purchase invoice or sales invoice, as the case may be, reflecting the commission due the foreign broker/dealer client; and</p> <p>b. Detailed computation/allocation of the commission due the foreign broker/dealer client for each purchase transaction</p>
17. Share in Head Office Expenses (including reimbursements)	<p>a. BSRD for the assigned capital in the branch;</p> <p>b. Audited schedule/s of allocation of expenses for the period/s covered;</p> <p>c. Certification from the Head Office that the share in Head Office expenses remains unpaid and outstanding; and</p> <p>d. Audited financial statements of the Philippine branch</p>
18. Insurance/reinsurance premium due to foreign insurance companies	Billings/invoices of insurance companies/ brokers abroad
19. Claims against domestic insurance companies by brokers abroad	Billings/invoices from foreign insurer/ reinsurer
20. Net Peso revenues of foreign airlines/shipping companies	<p>a. Statement of Net Peso Revenues (Peso revenues less expenses) certified by authorized officer of airline/ shipping company; and</p> <p>b. Photocopy of contract/agreement</p>
21. Royalty / copyright / franchise / patent/ licensing fees	<p>a. Statement/computation of the royalty/copyright/ franchise/patent/licensing fee; and</p> <p>b. Photocopy of contract/agreement.</p>
22. 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
23. FX obligations of Philippine credit card companies to international credit card companies/non-resident merchants	Summary billings
24. FX obligations incurred abroad by residents (including direct online purchases from non-resident seller), payable in FX to resident credit card companies	Billing statement from the credit card company
25. Refund of unused foreign grant by/aid from non-residents funded by inward remittance of FX that was converted to Pesos through AABs	<p>a. Copy of the contract/agreement covering the foreign grant/aid;</p> <p>b. Request from grantor for the refund of the unused amount of grant/aid; and</p> <p>c. Bank certification on:</p> <p>i. Inward remittance of the foreign grant/aid and its conversion to Philippine pesos; and</p> <p>ii. Balance of the PHP account from which the Philippine peso to be converted shall be debited</p>

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<p>26. Refund of unused foreign loan proceeds that were funded by inward remittance of FX that was converted to Pesos through AABs</p>	<p>a. Copy of the contract/agreement covering the foreign loan; b. Request from creditor for the refund of the unused foreign loan proceeds; and c. Bank certification on inward remittance of the FX loan proceeds and conversion to Philippine pesos</p>
<p>27. Settlement by Philippine Deposit Insurance Corporation (PDIC) of FCDU deposit claims²</p>	<p>Certification by PDIC on the amount of deposit liabilities to be paid to resident and non-resident depositors</p>
<p>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</p>	
<p>Purpose</p>	<p>Documents Required (All originals except as indicated)³</p>
<p>Loan Payments</p> <p>1. Medium/Long-term (MLT) foreign/foreign currency loans (with original maturities of over 1 year)</p> <p>a. Regular amortization/payment</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. 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> <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>

² For the settlement by PDIC of FCDU deposit claims, supporting documents must be presented regardless of amount. Both resident and non-resident claims may be serviced.

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>b. Prepayments of BSP-registered foreign/foreign currency loans of the private sector that are not publicly-guaranteed</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 BSP letter acknowledging receipt of the borrower's notice of prepayment</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>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>b. Loans from FCDUs/OBUs</p>	<p>For loans requiring BSP approval/registration:</p> <p>1.a. BSP approval or registration letter showing loan terms;</p> <p>1.b. Certification from the lending bank on the amount outstanding; and</p> <p>1.c. 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 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>For loans not requiring BSP approval/individual registration⁴</p> <p>2.a. Promissory Note (PN) certified as true copy by the Head of the lending bank's Loans Department:</p> <p>2.b. Certification from the lending bank:</p> <p>i. On the principal amount still outstanding;</p> <p>ii. That the loan is eligible for servicing with FX to be purchased from the AABs/AAB-forex corps in line with existing regulations;</p>

⁴ Individual registration means a BSP registration document is required

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	<ul style="list-style-type: none"> iii. That the loan was used to finance trade transactions (as well as pre-export costs in the case of FCDU loans to 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.c. 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>c. Prepayment of BSP-registered ST loans (including those covered by Sections 24.4 and 24.5 of the FX Manual) that are not publicly-guaranteed</p>	<p>For loans requiring BSP approval/individual registrations, the BSP registration letter</p> <p>For loans not requiring BSP approval / individual registration⁵ –</p> <ul style="list-style-type: none"> 1.a PN certified as true copy by the Head of the lending bank’s Loans Department; and 1.b Certification from the lending bank: <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 of the borrower and/or pre-export peso costs (in the case of FCDU loans to exporters); and iv. On the date when the loan account was reported to the appropriate BSP department/office under the prescribed forms, if applicable.
<p>Payments related to Guarantees and Similar arrangements (including Risk Take Over arrangements)</p> <ul style="list-style-type: none"> 1. Payments by resident guarantor under the guarantee 	<ul style="list-style-type: none"> a. For guarantees requiring BSP approval under Sections 30.1 and 30.3: (i) BSP approval of the foreign/foreign currency obligation; and (ii) creditor’s call on the guarantee b. For guarantees not requiring BSP approval and

⁵ Refers to cases where reporting to BSP is considered as BSP registration of the loan.

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	<p>registration under Section 30.2(a): (i) copy of the required report stamped as received by the BSP; and (ii) creditor's call on the guarantee</p>
<p>2. Payments by the original resident obligor to the AAB/foreign guarantor arising from the call on the guarantee</p>	<p>a. BSP approval of the resulting foreign/foreign currency obligation; and b. Billing statement from the AAB/foreign guarantor.</p>
<p>3. For FX liabilities arising from guarantees and similar arrangements [including Risk Take Over Arrangements (RTO)] that do not involve foreign/FCDU loans</p>	<p>a. BSP approval of the resulting foreign/foreign currency obligation; b. Copies of: i. Agreements/contracts covered by the guarantee/similar arrangement; ii. Standby Letter of Credit (SLC) or guarantee contract/agreement for the guarantee; c. Proof/notice of original obligor's default and creditor's call on the guarantee; and d. Billing statement from the non-resident or local bank guarantor</p>
<p>4. Regular fees related to Build-Operate-Transfer (BOT) and similar financing schemes with transfer provisions</p>	<p>a. BSP Registration Document b. Copy of the covering agreements/contracts 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>Purpose</p>	<p>Documents Required (All originals except as indicated)⁶</p>
<p>Foreign Investments</p> <p>1. Capital Repatriation for:</p> <p>a. Portfolio Investments in:</p> <p>i. PSE-listed securities issued by both residents and non-residents⁷</p>	<p>BSRD or BSRD Letter-Advice from the registering custodian bank and any of the following:</p> <p>a. Photocopy of the original broker's invoice; or b. Electronically-generated copy of the broker's invoice; or c. Systems-generated copy of the broker's invoice Documents under items a to c shall contain the settlement amount, number of shares, investment identity, and settlement date for the transactions covered.</p>
<p>ii. Peso- Government Securities</p>	<p>BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of Confirmation of Purchase for Peso</p>

⁶ 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.

⁷ For securities issued by non-residents, these refer only to equity securities, whether primarily listed at, or uplifted from international exchanges to, the PSE.

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	Government Securities
iii. 90-day time deposits	BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of Matured Certificate of Deposits for 90-day time deposits
iv. Other peso-denominated debt securities issued onshore by private resident firms	BSRD and photocopy of matured security, or proof of sale, or equivalent document covering the debt securities
b. Foreign Direct Equity Investments	<ul style="list-style-type: none"> a. BSRD; 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 funds/assets such as statement of net assets in liquidation; 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/gas/geothermal energy exploration companies); d. Detailed computation of the amount applied for in the attached format (Annex N) prepared by the selling stockholder's representative; e. Photocopy of pertinent audited financial statements; and f. SEC clearance in case of dissolution, if applicable.
2. Remittance of Dividends/ Profits/ Earnings/Interests	<ul style="list-style-type: none"> a. BSRD or BSRD Letter-Advice; 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; c. Photocopy of secretary's sworn statement on the Board Resolution covering the dividend declaration; 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); 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/gas/geothermal energy exploration companies); and f. Detailed computation of the amount applied for using the prescribed format (Annex N).
3. Outward remittance in equivalent FX of: (a) excess pesos funded with inward remittance of foreign exchange computed as follows: peso proceeds of foreign exchange inwardly remitted less the peso amount actually used for BSP-registered investment/s; plus	<ul style="list-style-type: none"> a. Certified true copy of certificate of inward remittance of foreign exchange and conversion to pesos; b. Original BSRD showing utilization not less than 50 percent of total peso proceeds, net of charges, if any. In case of investments registered by custodian banks, an original bank certification indicating details of the registered investment may substitute for the BSRD;

(As clarified by Circular Letter No. CL-2010-009 dated 5 February 2010, and amended by Circular No. 698 dated 05 November 2010, Circular No. 742 dated 21 November 2011, Circular No. 794 dated 18 April 2013 Circular No. 815 dated 18 October 2013, Circular No. 818 dated 06 November 2013 and Circular No. 874 dated 8 April 2015)

<p>(b) interest earned on the excess pesos, if any</p>	<p>c. Swift message/letter request from non-resident investor for return of excess funds; d. 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. Investments by Philippine residents under Section 44 of the FX Manual</p> <p>a. Outward investments by residents in:</p> <p>i. Debt and equity securities issued offshore by non-residents, including depository receipts</p> <p>ii. Offshore foreign currency-denominated Mutual Funds and Unit Investment Trust Funds (UITFs)</p> <p>iii. Foreign currency-denominated intercompany loans to offshore parent companies/subsidiaries of residents with an original tenor of at least one (1) year</p> <p>iv. Investments in real property abroad, including condominium units</p> <p>b. Other investments by residents:</p> <p>i. Bonds/notes of the Republic of the Philippines or other Philippine resident entities issued offshore, including peso-denominated bonds/notes requiring settlement in foreign currency</p> <p>ii. Instruments held for sale/trading by banks operating in the Philippines, namely: (i) bond/notes under item (a) hereof; and (ii) debt securities issued by non-residents and payable in foreign currency</p> <p>iii. Equity securities issued by residents and listed abroad</p>	<p>a. A certification by the resident investor on the cumulative FX purchases from AABs and AAB-forex corps within the calendar year for all investments under Section 44 of the FX Manual;</p> <p>b. Original BSP letter-approval for the purchase of FX from AABs and AAB-forex corps for all investments under Section 44 of the FX Manual, in excess of the USD60 million limit;</p> <p>c. Photocopy of clearance from the Insurance Commission (IC) for investments of insurance companies;</p> <p>d. 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 (for instruments purchased offshore); or Proof of purchase of the debt securities by the resident client, namely: copy of the deal ticket, bank's confirmation of sale, client's letter of instructions indicating intent to purchase the securities and other details of the transaction (for instruments held for sale/trading by banks); and</p> <p>e. Photocopy of any of the following as applicable: (i) investment proposal or agreement/subscription agreement/Deed of Sale or Assignment of the Investments/bond or stock offering/signed loan agreement or equivalent signed document, with an original tenor of at least one (1) year/Contract to Sell covering a sale of real property abroad; or photocopy of investor's order/letter to broker/trader/bank to purchase instruments (such as investments in debt and equity securities, as well as depository receipts, Mutual Funds and UITFs)</p>

**Guidelines Covering the Sale of Foreign Exchange
by AABs and AAB-Forex Corps for Trade Transactions**

I. Importations under Letter of Credit (L/C), Documents against Payment (D/P) and Documents against Acceptance (D/A):

- a. All import L/Cs to be opened shall include under the L/C terms and conditions, among others, the clause:

“L/C number shall be indicated on all copies of shipping documents”

- b. All original shipping documents [Bill of Lading (BL) or Airway Bill (AWB) and Invoice] shall be stamped by the issuing/booking/reporting AAB/OBU with the AAB's/OBU's name and mode of importation (i.e. L/C, D/P, or D/A), whether foreign exchange has been sold or not. AAB's/OBU's authorized officers shall accomplish a certification that original documents were presented and duly stamped. This certification shall be maintained by the stamping AAB/OBU together with the photocopied shipping documents and be made available for BSP verification.

In case the intended beneficiary is a payment/treasury center/hub of a group of companies (whether onshore or offshore), the importer-client shall also present to the issuing/booking/reporting AAB/OBU for stamping, an agreement or similar document, certified as true copy by the client's authorized officer, showing that payments intended for non-resident beneficiaries should be made to the specific payment/treasury center/hub. A copy of the document shall be retained by the issuing/booking/reporting AAB/OBU for future transactions under the same agreement.

- c. AABs/OBUs, other than the issuing/booking/reporting AAB/OBU, as well as AAB-forex corps, may sell foreign exchange to importer clients, provided that:

1. The sale is supported by the following documents:

- 1.1 Copy/photocopy of the original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub, duly stamped as in Item I.b above;
- 1.2. Certification from the issuing/booking/reporting AAB/OBU signed by the AAB's/OBU's authorized signatory (addressed to individual foreign exchange selling AABs or OBUs or AAB-forex corps) indicating the following:

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(As amended by Circular No. 874 dated 8 April 2015)

- i. Amount of the outstanding foreign exchange trade obligations;
 - ii. Amount of FX intended to be purchased; and
 - iii. Bank Reference Number (BRN) for D/A.
 2. The foreign exchange selling AAB/OBU or AAB-forex corp shall immediately remit proceeds of foreign exchange sale directly to the issuing/booking/reporting AAB/OBU, indicating in the remittance instructions pertinent information such as the L/C No., BSP Registration No., BL No., Invoice No., etc.
 3. The booking/issuing/reporting AAB/OBU shall, upon receipt of foreign exchange, stamp "FX SOLD" on the original shipping documents at hand and indicate thereon the amount of foreign exchange and name of the foreign exchange selling AAB(s) or OBU(s) or AAB-forex corp(s). The stamped information shall be duly signed by the booking/issuing/reporting AAB's/OBU's authorized signatory.
- II. Importations under Direct Remittance (DR) or Open Account (O/A) Arrangement
- a. For importations under O/A, the importer-client shall present to his reporting AAB/OBU original copies of the shipping documents, including one original BL or one of the original/carbon copies of AWBs, for stamping of bank's name, BRN and O/A as mode of importation. The authorized officer of the AAB/OBU shall affix his signature on the duly stamped original shipping documents certifying that original documents have been presented and that no foreign exchange has been sold. For importations under DR, the importer-client shall directly present to the selling AAB or AAB-forex corp the same original shipping documents for stamping of "FX SOLD" upon purchase of foreign exchange.

In case the intended beneficiary is a payment/treasury center/hub of a group of companies (whether onshore or offshore), the importer-client shall also present to the reporting/selling AAB/OBU an agreement or similar document, certified as true copy by the client's authorized officer, showing that payments intended for non-resident beneficiaries should be made to the specific payment/treasury center/hub. The document shall be retained by the FX selling institution for future transactions under the same agreement.
 - b. AABs/OBUs or AAB-forex corps may sell foreign exchange for duly reported O/A imports to importer-client subject to the following conditions:
 1. In case the selling/remitting AAB/OBU is also the reporting AAB/OBU, the importer-client shall present the original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub, duly stamped as in Item II.a above.

2. In case the selling/remitting AAB/OBU is not the reporting AAB/OBU:
 - 2.1. The importer-client shall present the duly stamped original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub as in Item II.a above; and
 - 2.2. The selling/remitting AAB/OBU shall stamp "FX SOLD" and signed by the selling/remitting AAB's/OBU's authorized signatory on the duly stamped original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub, indicating thereon the amount of foreign exchange sold.
3. In case the selling AAB/OBU or AAB-forex corp is not the remitting AAB/OBU:
 - 3.1. The importer-client shall present the duly stamped original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub as in Item II.a above;
 - 3.2. The selling AAB/OBU or AAB-forex corp shall stamp "FX SOLD" signed by the selling AAB's/OBU's or AAB-forex corp's authorized signatory on the duly stamped original shipping documents and covering agreement/similar document for cases where the beneficiary is a payment/treasury center/hub, indicating thereon the amount of foreign exchange sold;
 - 3.3. The selling AAB/OBU or AAB-forex corp shall transmit the duly stamped "FX SOLD" original shipping documents and covering agreement/similar document for cases, where the beneficiary is a payment/treasury center/hub, indicating thereon the amount of foreign exchange sold to the importer-client and simultaneously transfer the foreign exchange proceeds to the remitting AAB/OBU for immediate remittance to the foreign supplier; and
 - 3.4. The remitting AAB/OBU shall report such payment under Schedule 11 of FX Form 1.
4. In case of an importation under O/A arrangement where the foreign exchange selling/remitting AAB is not the reporting institution for the availment, the FX selling/remitting institution shall require, prior to sale of foreign exchange, the submission by the importer of the following:

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(As amended by Circular No. 874 dated 8 April 2015)

- a. Documents required under Item II.a; and
 - b. Duly signed certification from the reporting AAB/OBU on the remaining unpaid balance of the importation, and that the importation has been duly reported to the BSP, indicating the pertinent BRN. For this purpose, the importer shall present to the reporting AAB/OBU pertinent documents to evidence the outstanding balance of the obligation.
 - c. In all cases, the selling AAB/OBU or AAB-forex corp shall not sell foreign exchange to an importer-client beyond the maturity of the O/A importation without being duly extended by the foreign supplier (as evidenced by an extension letter from the foreign supplier submitted to the selling bank) which extension should have been reported under Schedule 10 of FX Form 1. AABs/OBUs or AAB-forex corps may sell foreign exchange for servicing of O/A importations whose maturities were extended beyond 360 days from date of BL/AWB upon presentation by the importer-client of a specific BSP letter of approval.
 - d. If the FX remitting AAB is not the reporting AAB, the former shall give to the latter a written advice on said remittance within two (2) banking days after remittance date.
- III. Photocopies of the original shipping documents (released to client) shall be marked "ORIGINAL DOCUMENT PRESENTED AS REQUIRED" and duly signed by the AAB's/OBUs authorized signatory. These should be retained in the AAB's/OBU's file for BSP examination purposes.

Guidelines for Reporting, Payments and Extensions of Maturity of Importations Under D/A or O/A Arrangements

1. **Reporting.** Authorized Agent Banks (AABs) and offshore banking units (OBUs) shall report importations under D/A or O/A arrangements as availments under Schedule 10 [Import Letters of Credits (L/Cs) Opened and D/A-O/A Import Availments and Extensions) of FX Form 1 (Consolidated Report on Foreign Exchange Assets and Liabilities)] upon receipt of the documents specified in 2.a herein and payments on said importations under Schedule 11 (Import Payments) of FX Form 1. Frequency and schedule of submission of said Schedules to BSP with the corresponding fines and penalties for late or erroneous submission shall be in accordance with Sections 101 and 103, respectively, of the Manual. Any extension of the maturity date thereof shall likewise be reported under said Schedule 10.

2. **Mechanics of Reporting.**

a. Importers shall submit through an AAB/OBU copies of the pertinent commercial invoice, BL/AWB, and if applicable, import permit on the basis of which the AAB shall report to the BSP the same as DA/OA availment under said Schedule 10.

b. Such reporting of availments shall be made not later than ten (10) calendar days before the maturity date of the said D/A-O/A importation. If reported later than the applicable period (i.e., less than 10 calendar days before maturity), the importer shall be required to pay to the BSP the peso equivalent of 1/100 of one (1) percent of the unpaid balance of the importation but not less than USD50.00 or more than USD1,000.00.

c. Within five (5) banking days after the end of the reference week, the hard copy of the following shall be submitted to the BSP-International Operations Department (IOD):

- i. Schedule 10 of FX Form 1 for DA/OA Imports; and
- ii. Schedule 11 for partial payment of D/A-O/A imports, identifying the payments with an asterisk (*) and indicating the amount in original currency and USD equivalent in a footnote.

AABs/OBUs shall keep the documents supporting the importations and make these available upon request by the BSP.

d. Each D/A-O/A importation shall be assigned a unique Bank Reference Number (BRN) by the reporting AAB/OBU which shall include the bank code. The D/A-O/A import transactions shall be considered reported only if the same has been assigned a BRN by the reporting AAB/OBU and duly reported by the same

AAB/OBU under said Schedule 10. Such BRN should also be used by the remitting AAB/OBU in reporting payment for the importation.

e. The AAB/OBU reporting the D/A-O/A availment shall verify with/obtain from the BSP-IOD the code of a new importer for purposes of reporting under FX Form 1 and its Schedules.

f. AABs, OBUs or AAB-forex corps shall not service the foreign exchange requirements upon maturity of any D/A-O/A importation not duly reported under said Schedule 10 as prescribed herein.

g. Extensions of maturity date shall be reported by AABs under Schedule 10;

h. AABs, OBUs or AAB-forex corps selling foreign exchange for duly reported O/A imports shall stamp "FX SOLD" on the original shipping/supporting documents and indicate thereon the amount of foreign exchange sold and name of the foreign exchange selling institution. The stamped information shall be duly signed by the foreign exchange selling institution's authorized signatory. Thereafter, the importer shall present the stamped original shipping documents to the remitting AAB/OBU and the same shall be reported by the remitting AAB/OBU under Schedule 11 of FX Form 1.

i. The existing documentary requirements for the purchase of foreign exchange from AABs, OBUs or AAB-forex corps to pay D/A-O/A imports shall be strictly complied with.

j. If the currency of the obligation is not USD, the USD equivalent to be reported under Schedule 10 shall be computed at the exchange rate quoted in the daily BSP Reference Exchange Rate Bulletin issued by the BSP Treasury Department on transaction date;

k. The penalty provisions under Section 106 of the Manual shall apply to AABs that sell foreign exchange for servicing D/A-O/A importations that were not previously reported to the BSP under the prescribed forms or were reported less than ten (10) calendar days before due date without payment of required BSP processing fee.

3. **Payments.** Payments using foreign exchange sourced from AABs, OBUs or AAB-forex corps shall be effected only for D/A-O/A imports reported by an AAB/OBU under said Schedule 10 of FX Form 1. Payments prior to maturity date may be allowed without BSP approval, provided these are for duly reported D/A-O/A imports.

Payments for D/A-O/A importations reported later than the required period as provided in Item 2(b) shall not use foreign exchange purchased from AABs, OBUs or AAB-forex corps unless BSP official receipt is presented that the prescribed processing fee has been paid to the BSP.

4. Extensions. Payments after the original maturity date for duly reported DA/OA imports may be allowed without prior BSP approval, regardless of frequency of extension, provided that the cumulative length of extensions does not exceed 360 days from BL/AWB date.

Processing fees shall be payable to the BSP for requests for extension in maturity dates of importations under D/A and O/A arrangements exceeding one (1) year from date of acceptance for D/A and from date of BL/AWB for O/A.

a. 1/100 of one (1) percent of the unpaid balance of importation with a minimum of USD50.00 and a maximum of USD1,000.00 for those accounts whose maturity extension was reported by AABs to the BSP within 31 to 180 days from scheduled maturity date; and

b. 1/50 of one (1) percent of the unpaid balance of importation with a minimum of USD100.00 and a maximum of USD2,000.00 for those accounts whose maturity extension was reported by AABs to the BSP beyond 180 days from scheduled due date.

The fees shall be paid in peso equivalent converted at the BSP reference rate (quoted in the daily BSP-Treasury Department Reference Exchange Rate Bulletin) one (1) banking day prior to payment date in Manager's or Cashier's check payable to BSP.

Guidelines for Reporting of Foreign Exchange Obligations and Sale and Remittance of Foreign Exchange under Intercompany Netting Arrangements

1. **Reporting.** Authorized Agent Banks (AABs) shall report all transactions under Intercompany Netting Arrangements (imports and exports of goods and services related thereto) using Annex Z.¹ Frequency and schedule of submission of said report to BSP with the corresponding fines and penalties for late or erroneous submission shall be in accordance with Sections 101 and 103, respectively of the Manual.

The foreign exchange selling AAB shall also be the remitting and reporting bank.

2. **Sale of Foreign Exchange**

a. The foreign exchange selling AAB shall require the following from the importer-client prior to sale of foreign exchange:

i. A notarized statement of:

a. intercompany receivables and payables² certified true and correct by the net importer's authorized officer indicating:

1. the settlement period/due date; and
2. the net amount payable, for which foreign exchange shall be purchased; and

b. undertaking by the net importer:

1. to make available the supporting documents upon request by the BSP, through the reporting AAB;
2. that there will be no double purchase of foreign exchange for the transactions covered by the statement; and
3. transactions covered by the intercompany netting arrangement do not include payments related to foreign loans³ and investments

ii. Copy of the pertinent intercompany netting agreement between non-bank related parties, certified as true copy by the importer-client's authorized officer. The document shall be retained by the foreign

¹ Transactions reported under Intercompany Netting Arrangement using the prescribed forms shall no longer be reported in Schedules 6, 10 and 11 of the FX Form 1.

² Prescribed format for the Statement of Receivables and Payables is in Annex Z.1.

³ Foreign loans are those owed by Philippine residents to non-residents, regardless of currency denomination, including intercompany loans as well as advances from non-resident parent/subsidiary companies.

exchange selling institution for future transactions under the same agreement.

b. The FX selling AAB shall stamp the following on the documents under item 2.a:

- i. AAB's name;
- ii. a unique Bank Reference Number (BRN) assigned by the AAB which shall include the bank code. Such BRN should be used by the AAB in reporting the transaction;
- iii. intercompany netting as mode of payment for the importation (to be stamped on the submitted Statement of Receivables and Payables); and
- iv. "FX SOLD" indicating thereon the amount of foreign exchange sold and date of foreign exchange sale.

The authorized officer of the AAB shall affix his signature on the duly stamped documents and indicate the date thereon.

c. The documentary requirements for the purchase of foreign exchange from AABs to pay obligations under intercompany netting arrangements shall be strictly complied with.

d. Foreign exchange that may be sold for settlement of net payables under intercompany netting arrangements shall not exceed US\$50 million per transaction per client per day. Amounts in excess of the limit must be coordinated by the foreign exchange selling bank with the BSP-Treasury Department prior to foreign exchange sale.

e. If the original currency of payment is not USD, the USD equivalent to be reported under Annex Z shall be based on the actual rate for the sale of foreign exchange.

3. Remittance. Foreign exchange purchased shall be directly remitted to the netting counterparty/treasury center/hub on the day of purchase on or before due date of the net payable. Payments prior to due date may be made without BSP approval, provided the documents under item 2.a are presented upon sale of foreign exchange. For this purpose, foreign exchange purchases may be deposited in the importer client's FCDU account pending outward remittance to the beneficiary, provided that the importer shall execute a waiver of the requirements of Republic Act No. 6426 (Foreign Currency Deposit Act) dated 4 April 1974, as amended, on the secrecy of foreign currency deposits upon purchase of foreign exchange to enable the BSP to validate the authenticity of debits/credits to the account and eventual remittance of the funds.

The AAB shall report the payment under Annex Z.

4. Extensions. Payments after the original due date for intercompany netting obligations may be allowed without prior BSP approval, regardless of frequency of extension in maturity, provided that the cumulative length of extensions does not exceed 360 days from original due date, otherwise, prior BSP approval shall be obtained prior to the sale of foreign exchange.

Guidelines and Minimum Documentary Requirements for Foreign Exchange Forward and Swap Transactions

The following are the minimum documentary requirements for foreign exchange (FX) forward and swap transactions. Unless otherwise indicated, original documents* shall be presented on or before deal date to banks.

A. FORWARD SALE OF FOREIGN EXCHANGE TO COVER FX OBLIGATIONS – DELIVERABLE AND NON-DELIVERABLE

1. FORWARD SALE OF FOREIGN EXCHANGE – TRADE

1.1 Trade Transactions

1.1.1 Under Letters of Credit (LC)

- a. Copy of LC opened; and
- b. Accepted draft or Commercial invoice / Bill of Lading

1.1.2 Under Documents against Acceptances (DA)/Open Account (OA) Arrangements

- a. Certification of reporting bank on details of the DA/OA transaction under Schedule 10 (Import Letters of Credits Opened and D/A-O/A Import Availments and Extensions) of FX Form 1 (Consolidated Report on Foreign Exchange Assets and Liabilities);
- b. Copy of commercial invoice.

1.1.3 For intercompany netting:

- a. Statement of intercompany receivables and payables certified as true and correct by the customer's¹ authorized officer; and
- b. Copy of the pertinent intercompany netting arrangement between related parties certified as true copy by the importer's authorized officer.

In addition to the above requirements, the bank shall require the customer to submit a Letter of Undertaking that:

- i. Before or at maturity date of the forward contract, it (the importer) shall comply with the documentation

* If copy is indicated, it shall mean photocopy, electronic copy or facsimile of original

¹ For settlement under intercompany netting arrangements wherein the net amount payable is already final/determined on or before deal date, the final statement of intercompany receivables and payables shall be presented to the foreign exchange selling institution which shall retain same.

(As amended by Circular No. 794 dated 18 April 2013, Circular No. 818 dated 06 November 2013, and Circular No. 874 dated 8 April 2015)

requirements on sale of foreign exchange for trade transactions under Appendices 4 and 6.1 of the Manual; and

- ii. No double hedging has been obtained by the customer for the covered transactions.

1.1.4 Direct Remittance

Original shipping documents indicated in item II.a of Appendix 4 of the Manual, as amended.

2. *NON-TRADE TRANSACTIONS*

Only non-trade transactions with specific due dates shall be eligible for forward contracts, and shall be subject to the same documentation requirements under Appendix 1 of the Manual, with the following additional guidelines for foreign currency loans and investments.

2.1 Foreign Currency Loans owed to non-residents or AABs

2.1.1 Deliverable Forwards

The maturing portion of the outstanding eligible obligation, i.e., those that are registered with the BSP, including interest and fees thereon as indicated in the BSP registration letter, may be covered by a deliverable forward subject to the documentary requirements under Item B of Appendix 1 of the Manual. A copy of the creditor's billing statement may be submitted on or before the maturity date of the contract.

2.1.2 NDFs

The outstanding eligible obligation, i.e., those that are registered with the BSP, including interests and fees thereon as indicated in the BSP registration letter, may be covered by a NDF, subject to the documentary requirements under Item B of Appendix 1 of the Manual, except for the creditor's billing statement which need not be submitted.

The amount of the forward contract shall not exceed the outstanding amount of the underlying obligation during the term of the contract.

2.2 Inward Investments – Deliverable

The unremitted amount of sales/maturity proceeds due for repatriation to non-resident investors pertaining to BSP-registered investments in the following instruments:

- a. securities listed at the Philippine Stock Exchange (PSE) issued by both residents and non-residents;
- b. peso-denominated securities issued onshore by the National Government and other public sector entities;
- c. peso time deposits with an AAB with minimum tenor of 90 days; and
- d. other peso-denominated debt instruments issued onshore by private resident firms and not covered by Section 23 of the Manual

may be covered by foreign exchange forward contracts subject to the presentation of the original Bangko Sentral Registration Documents (BSRD) on or before deal date. However, for Item 2.2.a above, original BSRD or BSRD Letter-Advice, together with the broker's sales invoice, shall be presented on or before maturity date of the foreign exchange forward contract, which date coincides with the intended date of remittance.

Sales proceeds of BSP-registered investments in shares of stock that are not listed in the PSE may be covered by a deliverable foreign exchange forward contract only if determined to be outstanding as of deal date for the contract and payable on a specific future date as indicated in the Contract To Sell/Deed of Absolute Sale and subject to the same documentary requirements under Item C of Appendix 1 of the Manual.

B. FORWARD SALE OF FOREIGN EXCHANGE TO COVER EXPOSURES – DELIVERABLE AND NON-DELIVERABLE

1. TRADE (DELIVERABLE AND NON-DELIVERABLE)

1.1 Under LC

- a. Copy of LC opened; and
- b. Proforma Invoice, or Sales Contract / Purchase Order

1.2 Under DA/OA, Documents Against Payment (DP) or Direct Remittance (DR)

Any of the following where delivery or shipment shall be made not later than one (1) year from deal date:

- a. Sales Contract
- b. Confirmed Purchase Order
- c. Accepted Proforma Invoice
- d. Shipment/Import Advice of the Supplier

In addition to the above requirements, the bank shall require the customer to submit a Letter of Undertaking that:

- i. At maturity of the forward contract, it shall comply with the documentation requirements on the sale of foreign exchange for trade transactions under Appendix 4 of the Manual; and
- ii. No double hedging has been obtained by the customer for the covered transactions.

2. NON-TRADE (NON-DELIVERABLE)

The outstanding balance of BSP-registered foreign investments without specific repatriation date, appearing in the covering BSRD may only be covered by an NDF contract, based on its market/book value on deal date, subject to presentation of the covering BSRD and the proof that the investment still exists (e.g., original stock certificate, or certification for the lodgment of shares with the Philippine Depository and Trust Corporation or broker's buy invoice, or confirmation of sale, or original certificate of investment in other peso-denominated debt instruments, or certificate of peso time deposits as may be applicable). Hedging of permanently assigned capital of Philippine branches of foreign banks/firms is not allowed.

C. FORWARD PURCHASE OF FOREIGN EXCHANGE

Such foreign exchange forward contracts shall be subject to the bank's "Know Your Customer" policy and existing regulations on anti-money laundering. In addition, counterparties must be limited to those that are manifestly eligible to engage in foreign exchange forwards as part of the normal course of their operations, and which satisfy the bank's suitability and eligibility rules for such transactions.

D. FOREIGN EXCHANGE SWAPS**1. FOREIGN EXCHANGE SALE (first leg)/FORWARD FOREIGN EXCHANGE PURCHASE (second leg) –**

The same minimum documentary requirements for sale of foreign exchange under Appendix 1 of the Manual for non-trade transactions, and Appendix 4 of the Manual for trade transactions, shall be presented on or before deal date.

2. FOREIGN EXCHANGE PURCHASE (first leg)/FORWARD FOREIGN EXCHANGE SALE (second leg) -

The first leg of the swap will be subject to the bank's "Know Your Customer" policy and existing regulations on anti-money laundering. The second leg of the swap will be subject to the swap contract between the counterparties. However, for swaps covering foreign/foreign currency loans and inward investments, the minimum documentary requirements for sale of foreign exchange under Appendix 1 of the Manual shall also be presented to the bank counterparty prior to delivery of foreign exchange by the bank to its client at any time under the forward leg of the swap.

For this purpose, the swap contract must include a statement that: "There shall be no delivery of foreign exchange at any time under the swap contract unless the foreign/foreign currency loans/inward investments are duly registered with the BSP."

Swap contracts of this type intended to fund peso loans to be extended by non-residents in favor of residents shall require prior BSP approval.

The rules under Item D thereof shall also apply to cross currency swaps².

² Cross currency swap is defined as an arrangement in which two parties exchange a series of cash flows in one (1) currency for a series of cash flows in another currency, at specified exchange and/or interest rates and at agreed intervals over an agreed period.

For submission to: International Operations Department at email address: iod-net@bsp.gov.ph
 Deadline: Weekly within five (5) banking days from end of reference week

REPORT ON TRANSACTIONS UNDER INTERCOMPANY NETTING ARRANGEMENTS

Name of Reporting Bank: _____
 Bank Code: _____
 For the Week Ending: _____

PART I. GROSS EXPORTS/RECEIVABLES

BRN	Date of Reporting to AAB	Resident Exporter		TIN	Mode of Payment for Export	Amount	
		Name	Code			In orig currency	Currency Code
SUB-TOTAL							

B. Services

BRN	Date of Reporting to AAB	Resident Exporter		TIN	Amount	
		Name	Code		In orig currency	Currency Code
SUB-TOTAL						

PART II. GROSS IMPORTS/PAYABLES¹

A. Goods

BRN	Date of Reporting to AAB	Resident Importer		TIN	Date of Bill of Lading	Name	Non-Resident Exporter Code	Relationship to Importer	Country Code	Amount		Netting Settlement Date
		Name	Code							In orig currency	Currency Code	
SUB-TOTAL												

B. Services

BRN	Date of Reporting to AAB	Resident Importer		TIN	Type of Service ²	Name	Non-Resident Exporter Code	Relationship to Importer	Country Code	Amount		Netting Settlement Date
		Name	Code							In orig currency	Currency Code	
SUB-TOTAL												

PART III. NET PAYABLE³

BRN	Date of Reporting to AAB	Resident Remitter		TIN	Name	Non-Resident Beneficiary Code	Country Code of Destination	Amount Payable	Currency Code	Date of FX Sale	Date Remitted
		Name	Code								
TOTAL											

Certified Correct:

Signature over printed name of Authorized Officer

Position

Tel. No.: _____
 Fax No.: _____
 Email address: _____

¹ Indicate breakdown of import payables per BRN
² Indicate the specific type (refer to Schedule 5 of FX Form 1 for a list of possible types of services)
³ Indicate total net payable amount

Other instructions:
 Use MIM-DD-CCYY for all date fields.
 Use codes under FX Form 1.
 Indicate page number in every page.
 Submit in MS Excel format.

Name of Company

TIN: _____

Statement of Receivables and Payables
For the netting period _____

EXPORTS/RECEIVABLES: GOODS

Mode of Payment for Export	Receivables	
	Currency	Amount
Sub-total Exports/Receivables: Goods		

EXPORTS/RECEIVABLES: SERVICES

Mode of Payment for Export	Receivables	
	Currency	Amount
Sub-total Exports/Receivables: Services		

IMPORTS/PAYABLES: GOODS

Bill of Lading/Acceptance		Non-Resident Exporter			Payment	
Number	Date	Name	Country	Relationship to Importer	Currency	Amount
Sub-total Imports/Payables: Goods						

IMPORTS/PAYABLES: SERVICES

Type of Service Rendered	Non-Resident Exporter			Payment	
	Name	Country	Relationship to Importer	Currency	Amount
Sub-total Imports/Payables: Services					

Total Net Payable		
Amount of FX to be purchased		
Settlement date/due date		

I hereby certify that the above information is true and correct.

Signature over printed name of Authorized Officer

Position