

[BSP CIRCULAR NO. 815, October 18, 2013]

AMENDMENTS TO FOREIGN EXCHANGE REGULATIONS

Pursuant to Monetary Board Resolution Nos. 1094 dated 4 July 2013 and 1669 dated 10 October 2013, 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 3. Peso Accounts of, and Sale of Foreign Exchange to, Non-Residents

1. Peso Accounts of Non-residents. All peso deposit accounts of non-residents, including foreign banks, opened/maintained with AABs operating in the Philippines, shall be funded only by the following, subject to the provisions of Appendix 1.1:
 - a. inward remittances of convertible foreign exchange^[3];
 - b. peso income of non-residents from, or peso sales proceeds of, properties in the Philippines allowed to be owned by non-residents under existing laws;
 - c. onshore peso receipts of non-residents from residents for services rendered by the former to the latter, for which the resident would have been entitled to buy foreign exchange from AABs and AAB- forex corps for remittance to the non-resident service provider;
 - d. peso receipts of expatriates working in the Philippines with contracts of less than one (1) year representing salary/allowance/other benefits;
 - e. onshore peso funds of: (i) foreign students enrolled for at least one semester in the Philippines; and (ii) non-resident Filipinos; and
 - f. peso proceeds from the onshore sale by non-resident issuers of their PSE-listed equity securities^[4].

AABs shall continue to comply with their "Know Your Customer" policy.

2. Sale of Foreign Exchange to Non-Residents

- a. Non-residents. Depository AABs may sell foreign exchange of up to USD60,000 per day for the balance of peso deposit accounts of non-residents referred to above that are funded by Item nos. 1(b) to 1(e) of this Section without need for prior BSP approval, subject to the submission of a

duly accomplished application to purchase foreign exchange using the prescribed format (Annex A).

Peso deposits funded by item no. 1(a) must have been used onshore to fund foreign direct investment/s and/or investments in eligible portfolio instruments, which are registered with BSP or custodian banks, subject to the provisions of Chapter II (Foreign Investments) hereof and related applicable appendices/annexes, to allow full conversion to foreign exchange; otherwise, prior BSP approval shall be required.

- b. Non-resident issuers of PSE-listed equity securities. Depository AABs may sell the equivalent foreign exchange to non-resident issuers or their authorized representative up to the amount deposited in the peso account that are funded by Item no. 1(f) upon presentation to the AAB of the original BSP letter-authority to purchase foreign exchange and submission of a duly accomplished application to purchase foreign exchange using the prescribed format (Annex A).

Non-resident issuers or their authorized representative shall submit to the BSP, through the International Operations Department (IOD), the request to purchase foreign exchange from their depository AAB, supported by the photocopies of documents listed under item no. 7 of Appendix 1.1.

All remitting depository AABs shall duly accomplish and submit to the BSP-IOD a report on such remittances using the prescribed form (Annex Y) within two (2) banking days from date of actual remittance, together with a copy each of the BSP letter-authority and the duly accomplished schedule attached thereto. The repatriation of proceeds from the onshore sale of PSE-listed equity securities and remittance of interest earned, if any, shall comply with procedures in Appendix 1.2.

- c. Non-resident Tourists/Balikbayan. AABs and AAB-forex corps may sell foreign exchange to non-resident tourists or *balikbayan* to the extent of the amount of FX shown to have been sold for pesos by the non-residents to AABs and AAB-forex corps. Departing non-resident tourists or *balikbayan* may reconvert at airports or other ports of exit unspent pesos up to a maximum of USD10,000 or its equivalent in other foreign currency, calculated at prevailing exchange rates, without showing proof of previous sale of foreign exchange for pesos."

"Section 37. Registration with Custodian Banks. The following non-resident investments shall be registered with the investor's designated custodian bank, on behalf of the BSP: