

[BSP CIRCULAR NO. 53, s. 1994, November 05, 1994]

AMENDING CIRCULAR NO. 1389, AS AMENDED

Pursuant to Monetary Board Resolution No. 1026 dated October 19, 1994, the pertinent provisions of Circular No. 1389 dated April 13, 1993 (Consolidated Foreign Exchange Rules and Regulations), as amended by Circular No. 1393 dated June 23, 1993, and Bangko Sentral (BSP) Circular Nos. 2, 5, 16, 30, 31, 40 and 48 dated August 25, 1993, September 15, 1993, March 7, 1994, June 30, 1994, July 19, 1994, August 27, 1994 and September 17, 1994 respectively, are hereby amended as follows:

SECTION 1. The last paragraph of Section 24.4 is hereby deleted so as to allow the deposit of proceeds of FCDU loans in an FCDU account.

SECTION 2. Section 27.2 is hereby amended to read as follows:

"2. Loan proceeds intended to fund local costs may be inwardly-remitted and sold to the banking system or deposited in FCDU/Offshore accounts. However, amounts intended to finance foreign exchange costs shall not be inwardly-remitted but may either be paid directly to the supplier/beneficiary concerned or deposited in an Offshore account."

SECTION 3. Section 28.3 is hereby amended to read as follows:

"3. Foreign loans shall be registered by the Bangko Sentral upon receipt of proof/s of compliance with Section 27 provisions on the disposition of the loan proceeds (whether direct remittance to foreign supplier or beneficiary/deposit in an FCDU or Offshore account/inward remittance and sale for pesos) as well as proof/s of utilization thereof and other documentary requirements cited in the prescribed application form."

SECTION 4. Section 29 is hereby amended to read as follows:

"Section 29. Servicing of Loans

"1. Payments for principal, interest, fees and related charges on loans duly registered with the Bangko Sentral may be remitted as they fall due through commercial banks without prior Bangko Sentral approval.

"2. Prepayment/acceleration of payments on medium/long-term loans duly registered with the Bangko Sentral may be made within two (2) years before their final maturity without prior Bangko Sentral approval. Prepayments serviced with foreign exchange purchased from the banking system shall be reported by the agent bank concerned under IOS Form 1

(Consolidated Report on Foreign Exchange Assets & Liabilities) — Schedule 7 within two (2) banking days after reference date. All prepayments made, irrespective of the source of the foreign exchange used, shall be reported by the borrower concerned under MEDD-Form 2 (Monthly Report on Foreign Borrowings) within three (3) banking days from reference month."

"3. Payments for the following shall, however, be subject to prior Bangko Sentral approval:

"a. Prepayment/acceleration of payments on medium- and long-term loans other than those allowed under Section 29.2.

"b. Loans past due for more than thirty (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 Bangko Sentral; and

"d. Loans covered by official rescheduling with Paris Club creditors listed in Appendix 9*.

"4. Applications for servicing of loan-related transactions shall be submitted to any commercial bank duly supported by the following documents:

"a. Bangko Sentral registration letter indicating the charges/costs payable on the due dates cited in the application for remittance and specifically authorizing servicing of the payments involved without prior Bangko Sentral approval.

"b. Billing from the foreign creditor showing amounts payable and due dates, and where applicable, the detailed computation (including basis) of the charges to be paid; and

"c. Proof of compliance with relevant Bureau of Internal Revenue (BIR) regulations on foreign loan — related payments.

"5. Borrowers with existing Bangko Sentral — registered credits shall apply with the Bangko Sentral for a one-time authority to service their outstanding credits using the prescribed forms."

SECTION 5. The second paragraph of Section 32 is hereby amended to read as follows:

"Foreign investments shall be registered by the Bangko Sentral upon submission of proof that: (1) the foreign exchange funding the investment has been sold to the banking system for pesos; or (2) deposited in FCDU accounts in local banks; provided that the written