

[**BSP CIRCULAR NO. 818, November 06, 2013**]

AMENDMENTS TO FOREIGN EXCHANGE REGULATIONS

Pursuant to Monetary Board Resolution Nos. 1094 dated 4 July 2013 and 1713 dated 17 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 6. General Policy. As a general rule, all kinds of merchandise imports are allowed. However, the importation of certain commodities are regulated or prohibited for reasons of public health and safety, national security, international commitments, and development/rationalization of local industry.

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A duly accomplished application to purchase foreign exchange using the prescribed format (Annex A) and supporting documents (as may be applicable) shall be submitted to AABs/ AAB-forex corps to allow the sale of foreign exchange to pay for import obligations."

"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

5. AABs shall not extend peso financing to non-residents unless explicitly allowed under existing BSP rules.
6. Foreign borrowings of banks shall also be subject to the pertinent provisions of the MORB, as well as other applicable laws, rules and regulations."

"Section 23. Loans Requiring Prior BSP Approval. Prior BSP approval shall be required for the following loans:

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2. Loans of the private sector irrespective of maturity, creditor and the source of foreign exchange for servicing thereof, if:
 - a. guaranteed by government corporations and/or government financial institutions; or
 - b. covered by foreign exchange guarantees issued by AABs.

x x x"

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

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2. Short-term interbank loans of banks, e.g., interbank call loans.

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5. Short-term loans of private exporters/importers from OBUs and foreign banks with branches in the Philippines: Provided, That:

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- f. The loans have been granted against BSP-approved short-term lending programs of the creditor banks, including OBUs^[5].

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"Section 29. Servicing of Loans^[6]

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

- a. In the case of prepayment of medium- and long-term private sector loans, the borrower shall submit to the BSP-IOD a notice of 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 of principal to be prepaid and related interest/other fees/charges due in original currency, and remittance instructions (e.g., account number and recipient bank). Such notice shall not be required for prepayment of short-term private sector loans.

After payment, the borrower shall submit to the BSP-IOD proof/s of such payment, together with a copy each of the duly stamped supporting documents/BSRD and its ST-2 (for short-term loans)/Form 2 (for medium- and long-term loans) report (Annexes E.1 and E.2, respectively) within the prescribed deadlines for said reports.

- 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.