

**[ BSP Circular No. 559, s. 2007, January 26, 2007 ]**

**AMENDMENT TO SECTION 73 OF BSP CIRCULAR NO. 1389,  
DATED 13 APRIL 1993, AS AMENDED**

The Monetary Board, in its Resolution No. 62 dated 18 January 2007, approved the amendment to the provision of Section 73 of Circular No. 1389 dated 13 April 1993, as amended, to include the Derivatives with Positive Fair Value as eligible for the one hundred percent (100%) asset cover for foreign currency liabilities of reporting banks under the foreign currency deposit and expanded foreign currency deposit systems.

**Section 1.** The provision of the first paragraph of Section 73 of BSP Circular No. 1389, as amended, is hereby amended to read as follows:

"Depository banks under the foreign currency deposit and expanded foreign currency deposit systems shall maintain at all times a hundred percent (100%) cover for their foreign currency liabilities. For purposes of complying with this requirement, the principal offices in the Philippines of the authorized banks and all its branches located therein shall be considered as a single unit. The foreign currency cover shall consist of the following:

1. For banks authorized to operate an FCDU –
  - a. Foreign currency deposits with the BSP;
  - b. Foreign currency deposits of short-term maturity, with foreign banks abroad, OBUs and other FCDUs/EFCDUs;
  - c. Short-term foreign currency loans authorized by the BSP except those classified by the BSP as bad or uncollectible debts;
  - d. Investments in foreign currency-denominated debt instruments, which are of short-term maturities and are readily marketable;
  - e. Foreign currency notes and coins on hand;
  - f. Foreign Currency Checks & Other cash items;
  - g. Foreign currency-foreign currency swap;
  - h. Foreign currency interests receivable;