

[BSP CIRCULAR NO. 220, December 07, 1999]

**GUIDELINES AND THE IMPOSITION OF MONETARY/PENALTIES
ON BANKS FOR WILLFUL VIOLATION WITH THE FOREIGN
CURRENCY DEPOSIT UNIT (FCDU) COVER AND OTHER
REPORTING REQUIREMENTS**

The Monetary Board, in its resolution No. 1471 dated October 15, 1999, approved the following guidelines and the imposition of monetary penalties on banks for willful violation with the foreign currency deposit unit (FCDU) cover and other reporting requirement as follows:

1. Continuance of the monthly submission of the compliance report with a certification under oath, signed by the bank's President or Country Manager, in case of local branch of foreign banks, Compliance Officer and Head of Treasury, to the effect that the bank has fully complied with the foreign currency deposit unit (FCDU) cover requirement any day of the reference month; (format of certification attached)
2. Imposition of a maximum monetary penalty of P30,000 per day (to be reckoned from the date the deficiency started until it is corrected) in case of false certification issued by banks in addition to the penal sanctions provided under Sections 35 and 36 of R.A. No. 7653;
3. Imposition of monetary penalties for delayed and erroneous/incomplete submission of bank's "Consolidated Report on Compliance with FCDU Cover Requirement" following the penalties for late submission imposed on other Supervision and Examination Sector required reports;
4. Imposition of monetary penalties for non-compliance with the prescribed 100% FCDU cover and 30% liquid cover equivalent to 1/10 of 1% of the deficiency, converted to its peso equivalent at an exchange rate prevailing at the time of the deficiency but not to exceed P30,000 per deficiency each day; and
5. Compliance for at least six (6) months with the FCDU cover requirement be made as a pre-condition in the following:
 - a. Declaration of cash dividends;
 - b. Bank's application for branching, and
 - c. In the case of foreign banks, remittance of profits to their Head Office abroad.

This circular shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation.