

[BSP CIRCULAR NO. 1376 s. 1993, January 04, 1993]

GUIDELINES IN THE GRANT OF REVOLVING TRADE FACILITY (RTF) LOANS TO PHILIPPINE PRIVATE SECTOR EXPORTERS/IMPORTERS WITHOUT PRIOR CENTRAL BANK APPROVAL

Pursuant to Monetary Board Resolution No. 1021 dated October 30, 1992, the following guidelines shall govern the grant of short-term credits to private sector exporters/ importers by participating creditor banks under the RTF Agreement, without prior Central Bank approval:

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Terms and Conditions

1. The loans to be granted to eligible borrowers shall not be covered by a guarantee from a government financial institution/corporation, and shall be used exclusively to finance specific underlying trade transactions in an amount equivalent to the import bills to be liquidated, and in the case of export financing transactions, to the borrowers' pre-export financing requirements.
2. The loan shall have a maximum maturity period of 360 days, and shall carry terms reflective of those prevailing in the international capital markets.
3. Drawing on the credit shall be made not earlier than two (2) days prior to the intended utilization of the loan.
4. Loan proceeds intended to finance pre-export requirements involving local costs shall be inward-remitted and sold to the local banking system. Amounts intended to finance foreign exchange costs may be constructively inward-remitted in line with existing guidelines.
5. Any assignment of credit shall require prior Central Bank approval through the Management of External Debt Department (MEDD).
6. The borrower shall submit to MEDD, within five (5) banking days prior to drawdown date:
 - a) A notarized undertaking to the effect that:
 - i. The loan shall be used exclusively to finance eligible trade transactions;
 - ii. The borrower consents to the Central Bank's examination of the specific deposit account with their respective authorized agent banks