

Bangko Sentral ng Pilipinas

MANILA

OFFICE OF THE GOVERNOR

CIRCULAR NO. 419 Series of 2004

Pursuant to Monetary Board Resolution No. 78 dated January 29, 2004 approving the removal of the BSP registration requirement for importations under documents against acceptance (D/A) and open account (O/A) arrangements, Section 11 of BSP Circular No. 1389 dated April 13, 1993, as amended, is hereby further amended to read as follows:

"Section 11. Documents Against Acceptance (D/A) and Open Account (O/A) Arrangements. Under a D/A arrangement, the original shipping documents are released to the importer by the local bank concerned thru the seller's bank upon the importer's acceptance of the seller's bill of exchange obligating the importer to pay for the shipment at some future date. Under an O/A arrangement, the said documents are released by the seller directly to the importer without coursing the documents thru the banks, upon the importer's promise to pay at some future date. As used herein, an import transaction to be considered under D/A or O/A must be payable at least 30 days after bill of lading (B/L) / shipment date.

1. **Reporting.** Importations under D/A or O/A arrangements shall be reported as availments under Schedule 10 (Import Letters of Credits (L/Cs) Opened and D/A-O/A Import Availments and Extensions) of FX Form 1 (Consolidated Report on Foreign Exchange Assets and Liabilities) by an authorized agent bank (AAB) upon its receipt of the documents specified in 4.a herein and as payment under Schedule 11 (Import Payments) of FX Form 1. Submission of said Schedules to BSP shall be in accordance with BSP Circular No. 194 dated March 30, 1999. Any extension of the maturity date thereof shall likewise be reported under said Schedule 10.

Period of Reporting. Such reporting of availments shall be made not later than ten (10) calendar days before the maturity date of the said D/A-O/A importation. If reported later than said period (i.e., less than 10 calendar days before maturity), the importer shall be required to pay to BSP the peso equivalent of 1/100 of 1%, of the unpaid balance of the importation but not less than USD50.00 or more than USD1,000.00.

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2. Payments. Payments using foreign exchange (FX) sourced from the AABs or from bank-affiliated forex corporations shall be effected only for D/A-O/A imports reported by an AAB under said Schedule 10 of FX Form 1. Payments prior to maturity date may be allowed without BSP approval, provided these are for duly reported D/A-O/A imports.

Payments for D/A-O/A importations reported later than the required period as provided in the preceding item no. 1 shall not use FX purchased from AABs or bank-affiliated forex corporations unless BSP official receipt is presented that the prescribed processing fee has been paid to BSP.

3. Extensions. Payments after the original maturity date for duly reported D/A-O/A imports may be allowed without prior BSP approval provided that the extension had been previously reported under said Schedule 10 within 30 days from due date but not later than the new extended due date. Extensions reported beyond 30 days from due date shall require prior specific BSP approval in accordance with existing rules.

4. Mechanics of Reporting.

- a. Importers shall submit thru an AAB the duly accomplished Record of Goods Imported (RGI) and copies of the pertinent commercial invoice, B/L, and if applicable, import permit on the basis of which the AAB shall report to BSP the same as D/A-O/A availment under said Schedule 10.
- b. The D/A-O/A import transactions shall be considered reported only if the same has been assigned a unique Bank Reference Number (BRN) by the reporting AAB and duly reported by the same AAB under said Schedule 10.
- c. AABs shall not service the FX requirements upon maturity of any D/A-O/A import not duly reported under said Schedule 10 as prescribed herein.
- d. A selling and remitting AAB shall report payments of D/A-O/A imports in Schedule 11 of FX Form 1. Bank-affiliated forex corporations selling FX for duly reported O/A imports shall stamp "FX SOLD" on the original shipping documents at hand and indicate thereon the amount of FX and name of the FX selling bank. The stamped information shall be duly signed by the FX selling bank's authorized signatory. Thereafter, the importer shall present the stamped original shipping documents to the remitting AAB and the same shall be reported by the remitting bank under Schedule 11.

- e. The existing documentary requirements for the purchase of FX from an AAB or bank-affiliated forex corporations to pay D/A-O/A imports shall be strictly complied with."

An AAB violating the provisions of this Circular and its implementing guidelines shall be subject to the imposition of fines or other sanctions approved by the Monetary Board.

All provisions of BSP issuances inconsistent with this Circular are deemed amended accordingly and that any reference to "BSP-registered D/A-O/A imports" should now be construed to refer to "BSP-reported D/A-O/A imports" as prescribed herein.

This Circular shall take effect on February 2, 2004.

For the Monetary Board:



RAFAEL B. BUENAVENTURA
Governor

February 2, 2004