



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

SUPERVISION AND EXAMINATION SECTOR OFFICE OF THE DEPUTY GOVERNOR

CIRCULAR-LETTER Series of 2000

TO : ALL BANK AFFILIATED FOREX CORPORATIONS

The following are clarifications to BSP Circular No. 264 dated October 27, 2000, requiring foreign exchange (FX) sales by FOREX Corporations, amounting to \$10,000 or more, to be supported by appropriate invoices/documents.

1. Forex Corporations shall be covered by the provisions on sales of FX under Sections 2 and 12 of BSP Circular No. 1389, as amended. Sample documents needed to support the sale of FX are in Annex "A".
2. Forex Corporations may sell FX to service the following loans/obligations provided the sale is supported by appropriate documents:
 - a. Unregistered DA/OA imports;
 - b. Unregistered foreign currency loans/obligations to non-resident financial institutions; and
 - c. FCDU loans not eligible to be serviced with FX purchased from the banking system.

Only loans under items (b) and (c) above which are outstanding as of the effectivity of Circular No. 264 shall be allowed to be serviced. In addition, proof of payment of the loans/obligations shall be made available by the Forex Corporation to the BSP for verification within three (3) days after date of sale.

3. Forex Corporations shall not sell foreign exchange –
 - a. for investment purposes;
 - b. for payment of FX obligations to residents other than AABs; and
 - c. for the sole purpose of depositing the foreign exchange proceeds in a foreign currency deposit unit (FCDU) account.


ALBERTO V. REYES
Deputy Governor

October 31, 2000

ITAGUYOD ANG PHILIPPINES 2000



MAG-IMPOK SA BANGKO

**SAMPLE DOCUMENTS TO SUPPORT SALES OF FOREIGN EXCHANGE
BY BANK AFFILIATED FOREX CORPORATIONS**

Purpose	Documents Required
A. Non-trade (Invisibles)	
1. Travel Funds	a. Applicant's passport; b. Passenger's ticket (Amount of FX to be purchased shall be stamped on the passport and plane ticket)
2. Educational Expenses/Maintenance of Higher Education	a. Statement of enrollment or acceptance by the school abroad showing that the student is working or about to work for a degree or taking a high technology course; b. School bills/statements of account covering tuition and other school fees
3. Correspondence Studies	a. Proof of admission or enrollment in the correspondence school; b. Description of curriculum courses; c. Statement of fees or total cost of the course; d. Billing from the school abroad indicating schedule of payment
4. Medical Expenses	a. Certification from a local doctor certifying the need for the patient to undergo medical treatment abroad and the non-availability of such treatment locally; and b. Estimate of cost of medical/hospital treatment abroad
5. Support of Dependents Abroad	a. Consular certificate or its equivalent documents which would show that the dependent is residing abroad and that the dependent is not gainfully employed in the country of residence abroad; b. Certified true copy of birth certificate, marriage contract, whichever is applicable, to prove that dependent is the wife, child or parent of the remitter/applicant

Purpose	Documents Required
6. Emigrant Assets	a. Proof of permanent residence of emigrant/beneficiary abroad; b. Proof of ownership of the assets by emigrant/beneficiary abroad; c. Payment of applicable taxes; d. In case of transfer of proceeds of capital assets, copy of deed of sale and proof that the transaction was registered with the Register of Deeds
7. Royalties/Fees/Rentals	a. Copy of registration and approval by the Bureau of Patents & Technology Transfers of the pertinent agreement; b. Statement/computation of the royalty/fee; c. Latest audited financial statement; and d. Proof of payment of withholding tax
8. Producer's Share/TV Film Rental	a. Distribution/TV rental agreement; b. Computation showing how the shares/rentals were arrived at; c. Proof of payment of withholding tax
9. Management/Consultancy Fees	a. Copy of the agreement; b. Statement/Computation of fees due, certified by an independent CPA; c. Proof of payment of applicable taxes on fees to be remitted
10. Retainer's fees	a. Copy of the agreement; b. Certified copy of billings/invoices from the beneficiary; c. Statement/computation of retainer's fees due; d. Proof of payment of applicable withholding tax
11. Freight Charges on Export	a. Copy of the freight contract; b. Export declaration/sales invoice/bills of lading; and c. Bills/statement of account on freight charges
12. Advertising cost	a. Copy of advertising agreement; b. Certified copy of statement of account or invoices; c. Clippings of appropriate page of the publication wherein the advertisement was made

Purpose	Documents Required
13. Subscriptions	a. Certified copy of subscription agreement; b. Statement of account/invoice
14. Mail fees/international settlement of accounts for communication facilities	a. Certified Copy of Agreement; b. Duly certified statement of accounts or bills/invoices
15. Net passenger revenues of foreign airlines	a. Certified copy of Agency or Bilateral Agreement; b. Statement of receipts and disbursements for the period covered by remittance, duly certified by an independent CPA; c. Proof of payment of corresponding taxes; d. Statement of gross Philippine billing corresponding to the period covered by the remittance duly certified by an independent CPA
16. Freight Collections of Local Shipping Agents/Companies	a. Certified copy of Agency agreements; b. Statement of Freight receipts indicating name of payors, bill of lading, official receipt, date and amount received as payment; c. Proof of payment of applicable taxes
E. Foreign Currency Loans	
1. FCDU Loans not eligible to be serviced using FX from the banking system	a. Certified true copy of promissory note. The selling forex corporation shall require the client to indicate in his application-letter to purchase foreign exchange, the following information: (1) Name of lending bank; (2) Original loan amount; (3) Due date; (4) Outstanding Loan Balance; (5) Purpose of Loan. b. Original certification by a Senior Officer of the lending bank that the loan is outstanding.

Purpose	Documents Required
C. Foreign Currency Loans to Non-Resident Financial Institutions (FI)	a. Certified copy of promissory note/loan agreement The selling forex corporation shall require the client to indicate in his application-letter to purchase foreign exchange, the following information: (1) Name of creditor FI; (2) Original loan amount; (3) Due date; (4) Outstanding loan balance; (5) Purpose of loan b. Copy of registration, if any; c. Proof of payment of applicable taxes d. Original copy of the billing statement of the non-resident FI.
IV. Trade Payment of Importation (including unregistered DA/OA)	The documents required under BSP Circular Letter dated March 31, 1998