

Bangko Sentral ng Pilipinas

MANILA

OFFICE OF THE DEPUTY GOVERNOR
Banking Services Sector
& In-Charge, Research & Treasury

CIRCULAR-LETTER **Series of 2000**

TO : ALL COMMERCIAL BANKS

SUBJECT : **Bilateral Payments Arrangement (BPA) between Bangko Sentral ng Pilipinas (BSP) and Bank Negara Malaysia (BNM)**

This is to advise that on May 20, 1999, the BSP and BNM entered into a Bilateral Payments Arrangement Agreement (BPA).

Under the BPA, BSP and BNM agreed to settle in US Dollars the net financial claims between the Philippines and Malaysia arising from exports and imports of goods (i.e., the difference in the US Dollar value of exports and imports) over a two-month period. The BPA aims to make all commercial payments between the Philippines and Malaysia in local currency and minimize foreign exchange transfers between them. This will help stabilize the foreign exchange markets in both countries, facilitate payments and trade.

The BPA requires the exporters' central bank to pay said exporters the local currency equivalent of their export proceeds and the importers' central bank to collect from said importers the local currency equivalent of their import values, through **designated banks**.

The use of the facility set forth in the BPA is **voluntary** and shall in no way interfere with existing payment practices in the Philippines and Malaysia.

Commercial banks interested to be accredited as designated banks under the BPA must have correspondent banking relationships with any local bank in Malaysia. They

may file their Application for Accreditation together with all the documentary requirements (see Attachments 1 and 2) with The Director, International Operations Department, Room 301, 5-Storey Building, Mabini Cor. P. Ocampo Sr. Sts., Malate, Manila.


AMANDO M. TETANGCO, JR.
Deputy Governor

28 April 2000

**PROCEDURES FOR ACCREDITATION
AS DESIGNATED PHILIPPINE BANK (DPB) UNDER THE
BILATERAL PAYMENTS ARRANGEMENT (BPA) WITH MALAYSIA**

1. Accomplish the attached Application for Accreditation in duplicate and submit the same to The Director, International Operations Department, Room 301, 5-Storey Building, Mabini Cor. P. Ocampo Sr. Sts., Malate, Manila together with the following documents:
 - Audited financial statements for the last two years;
 - Latest quarterly financial statement submitted to the BSP Department of Commercial Banks (DCB) I or DCB II.
2. BSP-IOD shall inform applicant-bank of the approval or denial of its request for accreditation.
3. A DPB's accreditation remains valid unless revoked by the BSP for the following reasons:
 - a) Delay in the submission of debit authorization to the BSP-IOD for three (3) working days and no more than three (3) times within the bilateral period of two (2) months;
 - b) Non-compliance with the reporting requirements under the Implementing Rules and Regulations for Trade Financing under the BPA;
 - c) Adoption of internal rules and regulations that may jeopardize the effective implementation and/or the attainment of the objectives of the BPA;
 - d) Non-compliance with the minimum capital and liquidity position requirements during the quarter under review; and
 - e) Non-compliance with other BSP rules and regulations (pertaining to bank's financial affairs) during the quarter under review.
4. A DPB whose accreditation was revoked may re-apply for accreditation following the same procedures described in (1) above.

**APPLICATION FOR ACCREDITATION
TO THE BILATERAL PAYMENTS ARRANGEMENT (BPA)
BETWEEN BANGKO SENTRAL NG PILIPINAS (BSP)
AND BANK NEGARA MALAYSIA (BNM)**

A. Name of bank : _____

B. Address : _____

C. Volume of export & import transactions with Malaysia for the last 12 months (In USD or PHP):

1. Exports _____ 2. Imports _____

D. Correspondent local bank/s in Malaysia

1. _____

2. _____

E. Authorized signatories to appear in transactions under the BPA (Assistant Vice President or Head of export and import transactions):

(Signature Over Printed Name)

(Signature Over Printed Name)

(Designation)

(Designation)

(Telephone Number)

(Telephone Number)

Prepared by:

Approved by:

President

Position

Date