



Bangko Sentral ng Pilipinas

OFFICE of the GOVERNOR

CIRCULAR No. 366 Series of 2003

The Monetary Board, in its Resolutions No. 1603 and No. 4 dated 07 November 2002 and 03 January 2003, respectively, approved the amendment of certain provisions of BSP Circular No. 342 dated 08 August 2002 as follows –

1. Item a

FCDU/EFCDU may lend funds to RBU only after it has fully complied with the prescribed 100% asset cover/30% liquidity cover on FCDU/EFCDU liabilities.

2. Item b.1

FCDU/EFCDU lending to RBU shall be –

- 1) Capped at the lower of total outstanding balance on RBU's on-balance sheet foreign currency trade assets¹ or 30% of the level of FCDU/EFCDU deposit liabilities, computed at the average daily balance (using 2-month rolling data) as of end of the second week prior to the reference week (refer to Annex "A" for sample computation). Total outstanding balance of FCDU/EFCDU lending to RBU shall, at all times, be within the prescribed cap. Any breach thereon shall be subject to the imposition of a monetary penalty of ₱30,000 per day, commencing on the day the cap was breached until the same is corrected.

3. First paragraph of item f

Banks shall submit to the appropriate BSP supervising department, within five (5) banking days from end of reference month, a certification under oath (prescribed format attached as Annex "B"), signed by the Bank's President or Country Manager, in case of local branch/subsidiary of foreign banks, Compliance Officer and Head of Treasury, to the effect that, at any day of the reference month, the outstanding balance on funds borrowed from FCDU/EFCDU did not

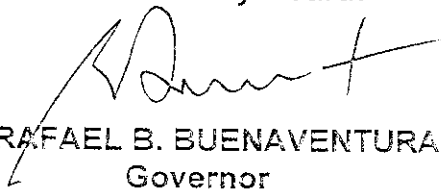
¹ i.e., Customers' Liability on Import Bills-Foreign, Customers' Liability under Trust Receipts-Foreign, Customers' Liability for this Bank's Acceptances Outstanding-Foreign, Export Bills Purchased and Foreign Bills Purchased-Documentary, excluding past due accounts and Items in Litigation

MAG-IMPOK SA BANGKO

exceed the prescribed cap (i.e., lower of total outstanding balance on RBU's on-balance sheet foreign currency trade assets or 30% of the level of FCDU/EFCDU deposit liabilities) and were utilized by RBU solely for foreign currency trade transactions.

This Circular shall take effect immediately.

For the Monetary Board:



RAFAEL B. BUENAVENTURA
Governor

11 January 2003

FCDU LENDING to RBU
SAMPLE COMPUTATION - 30% CAP
(Amounts in Million USD)

		Average FCDU/EFCDU ¹		Average On-Balance Sheet Forex Trade Assets ¹	Cap for the Week	"Borrowing-FCDU/EFCDU" Account		
		<u>Amount</u>	<u>30%</u>			<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
August	2	140	42	30				
	9	120	36	45				
	12				30		10	10
	13						5	15
	14						5	20
	15						8	28
	16	110	33	36			2	30
	19				36		1	31
	20						2	33
	21						3	36
	22							36
	23	200	60	42				36
	26				33	3 ²		33
	27							33
	28							33
	29							33
	30	170	51	27				33
Sept	2				42		6	39
	3						2	41
	4					4		37
	5						5	40
	6	250	75	60			2	42
	9				27	15		27
	10					4		23
	11						4	27
	12							

¹ Computed using 2-month rolling data (i.e., for week ended 02 August, average of daily data from 03 June to 02 August, week ended 09 August, average of daily data from 10 June to 09 August, etc.)

Average daily balance for each observation period = Sum of daily balances / Total banking days

² RBU should pay off to reduce outstanding balance to within prescribed limit

Annex "B"

To be submitted to the appropriate BSP supervising department, within five (5) banking days from end of reference month

(Name of Bank)

C E R T I F I C A T I O N

Pursuant to the requirement under BSP Circular No. _____, dated _____, we hereby certify¹ that on all banking days of the month ended _____, 200__ :

- ☐ a) There were no foreign currency borrowings by the Regular Banking Unit (RBU) from the Foreign Currency Deposit Unit (FCDU)/Expanded FCDU (EFCDU).
- ☐ b) RBU had foreign currency borrowings from FCDU/(EFCDU) and –
1. Total outstanding balance of such foreign currency borrowings did not exceed the prescribed cap (i.e., lower of total outstanding balance on RBU's on-balance sheet foreign currency trade assets or 30% of the level of FCDU/EFCDU deposit liabilities), and
 2. The borrowed foreign currency funds were utilized by RBU solely for its foreign currency trade transactions.

We further certify that, to the best of our knowledge, the foregoing statements are true and correct.

President or Country
Manager (for FX Banks)
TIN:
Com. Tax Cert No.:
Issued on:
Issued at:

Compliance Officer
TIN:
Com. Tax Cert No.:
Issued on:
Issued at:

Head of
Treasury Department
TIN:
Com. Tax Cert No.:
Issued on:
Issued at:

Subscribed and sworn to before me, this _____ day of _____, 200__, affiants exhibiting their respective Community Tax Certificates as indicated above.

Person administering oath

¹ check appropriate box