



Bangko Sentral ng Pilipinas

(CENTRAL BANK OF THE PHILIPPINES)
MAYNILA, PILIPINAS

Circular No. 1389

CONSOLIDATED FOREIGN EXCHANGE RULES AND REGULATIONS

Pursuant to Monetary Board Resolution No. 246 dated March 28, 1993 the foreign exchange rules and regulations on current accounts, capital accounts, foreign currency deposit units, offshore banking units and representative offices of foreign banks are hereby consolidated as follows:

PART ONE. CURRENT ACCOUNTS

CHAPTER I

NON-TRADE FOREIGN EXCHANGE RECEIPTS AND DISBURSEMENTS, TRANSFERS OF LOCAL CURRENCIES AND GOLD TRANSACTIONS

Section 1. Disposition of Foreign Exchange Receipts. Foreign exchange receipts, acquisitions or earnings of residents from non-trade sources may, at the option of said residents, be sold for pesos to Authorized Agent Banks (AABs) or outside the banking system, retained, or deposited in foreign currency accounts, whether in the Philippines or abroad. All categories of banks (except Offshore Banking Units [OBUs]), duly licensed by the Central Bank shall be considered as AABs.

Section 2. Sales of Foreign Exchange by AABs. AABs may sell foreign exchange to residents, (including the Government, its political subdivisions and instrumentalities and government-

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owned and -controlled corporations), upon the latter's written application for any non-trade purpose without need of prior Central Bank approval. However, foreign exchange for payment of obligations that are foreign loan- or foreign-investment related, may be sold by AABs to residents upon showing that Central Bank approval and/or registration has been obtained for the loan or investment, whenever required by these regulations. AABs selling foreign exchange for remittance abroad shall ensure that taxes, when required, have been paid and that the remittance is net of such taxes.

Section 3. Purchases of Foreign Exchange by Non-Residents. Non-residents may purchase foreign exchange from AABs only to the extent of the amount shown to have been sold by them for pesos to AABs. Departing non-residents may reconvert at airports or other ports of exit unspent pesos of up to a maximum of US\$200 or an equivalent amount in any other foreign currency calculated at prevailing exchange rates, without need of showing proof of previous sale by them of foreign exchange to AABs.

Section 4. Import/Export of Philippine Currency. No person may import or export nor bring with him into or out of the country, or electronically transfer legal tender Philippine notes and coins, checks, money order and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount exceeding P5,000.00 without authorization by the Central Bank.

The term "electronic transfer" as used herein shall mean a system where the authority to debit or credit an account (bank, business

or individual) is provided by wire, without a source document being mailed to evidence the authority.

Section 5. Buying and Selling of Foreign Exchange and of Gold by Residents.

1. Foreign exchange may be freely bought and sold outside the banking system.
2. Except as provided in this Circular, gold and gold-bearing metals may likewise be bought and sold without specific approval of the Central Bank.
3. Gold from small-scale miners shall be sold to Central Bank. All other forms or types of gold may, at the option of the owner or producer thereof and with the consent of Central Bank, be sold and delivered to the Central Bank.

The Central Bank may sell gold grains/pellets/bars and sheets to local jewelry manufacturers and other industrial users upon application, or to banks exclusively for re-sale to jewelry manufacturers/industrial users, at the Central Bank gold-selling price plus a service fee to cover costs including cost of conversion and packaging.

CHAPTER II

FOREIGN TRADE TRANSACTIONS

A. IMPORT TRADE TRANSACTIONS

Section 6. General Policy. As a general rule, all kinds of merchandise imports are allowed. However, the importation of certain commodities are regulated or prohibited for reasons of public health and safety, national security, international commitments, and development/rationalization of local industry.

Section 7. Classification of Imports. Imports are classified as follows:

1. Freely Importable Commodities. These are commodities the importation of which is neither regulated nor prohibited as defined under (2) and (3) hereunder. The importation may be effected without the prior approval of or clearance from any government agency.
2. Regulated Commodities. These are commodities the importation of which requires clearances/permits from appropriate government agencies including the Central Bank. They are enumerated under Appendix 1 of this Circular.
3. Prohibited Commodities. These are commodities the importation of which is not allowed under existing laws. They are enumerated under Appendix 2 of this Circular.

Section 8. Modes of Payment for Imports. Commercial banks may sell foreign exchange to service payments for imports under any of the following arrangements without prior CB approval subject to the provisions of Sections 9 to 12:

1. Letter of Credit (L/C);
2. Documents Against Payment (D/P);
3. Documents Against Acceptance (D/A);
4. Open Account Arrangement (O/A); and
5. Direct Remittance.

Section 9. Letter of Credit

1. Requirements for L/C Opening. All L/Cs must be opened on or before the date of shipment with maximum validity of one (1) year. Likewise, only one L/C should be opened for each import transaction. For purposes of opening an L/C, importers shall submit to the commercial bank the following documents:

- a. The duly accomplished L/C application;
- b. Firm offer/proforma invoice which shall contain information on specific quantity of the importation, unit cost and total cost, complete description/specification of the commodity and Philippine Standard Commodity Classification statistical code;
- c. Permits/clearances from appropriate government agencies, whenever applicable; and

- d. Duly accomplished Import Entry Declaration (IED) Form which shall serve as basis for payment of advance duties as required under PD 1853.
2. Amendments of L/Cs. L/C amendments need not be referred to the Central Bank for prior approval. However, amendments extending the total validity period of an L/C for more than one (1) year, if payment of the L/C is to be sourced from the banking system, shall be referred to the Central Bank for prior approval.
3. Negotiation of L/Cs. L/Cs shall be negotiated in accordance with the terms and conditions set forth in the L/C and shall be governed by the Uniform Customs and Practices on Documentary Credits. The requirement of pre-shipment inspection/Clean Report of Findings (CRF) shall be strictly observed, whenever applicable.

Section 10. Documents Against Payment (D/P)

1. Under the D/P arrangement, commercial banks shall advise the importer of the receipt of the complete original shipping documents (inclusive of the CRF whenever applicable) and shall effect the release of said documents to the importer upon receipt of payment.
2. Commercial banks shall remit payment to the supplier through the correspondent bank abroad.

Section 11. Documents Against Acceptance (D/A) and Open Account (O/A) Arrangements. Under a D/A arrangement, the shipping documents are released to the importer by the local bank concerned thru the seller's bank upon the importers 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 shipping documents are sent and 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 after shipment.

1. Eligible Firms. Producers/manufacturers whether for the domestic or export market, oil firms, franchised public utility concerns and importers-traders importing raw materials required by domestic manufacturers are allowed to import under D/A and O/A arrangements.
2. Registration and Payment of D/A and O/A imports.
 - a. Importations under D/A and O/A arrangements shall be covered by a Central Bank Release Certificate (CBRC) and registered with the Central Bank upon availment for monitoring purposes. Commercial banks are authorized to issue the CBRC upon receipt of the complete shipping documents inclusive of the CRF, if applicable, and submission by the importer of the duly accomplished Record of Goods Imported

(RGI) and the pertinent import permit (if applicable);

- b. Payments sourced from the commercial banking system shall not be effected for unregistered DA/OA imports. Payments prior to maturity date can be made provided these have already been registered. Payments subsequent to the original maturity date may be allowed without prior Central Bank approval provided that:

- 1) the importers report the extension of the maturity period to a specific date; and
- 2) the cumulative length of the maturity periods, including all extensions, does not in any case exceed one (1) year from date of draft acceptance for D/A and B/L (Bill of Lading) date for O/A.

- c. Payments of D/A and O/A obligations, the maturities of which shall have exceeded 360 days from date of draft acceptance in case of D/A or B/L date in case of O/A shall be referred to the Central Bank for approval; and

- d. Mechanics of Registration. Appendix 3 of this Circular contains the mechanics of reporting and registration of D/A and O/A imports.

Section 12. Direct Remittance. Commercial banks may service applications for direct remittance of import payments effected through modes other than those under L/C, D/P, D/A or O/A only

upon presentation of the complete original shipping documents as well as copy of the CRF and/or import clearance for regulated items issued by concerned government agencies, if applicable.

Section 13. Other Import Arrangements. Import arrangements not involving payments using foreign exchange purchased from the banking system are also allowed without prior Central Bank approval. These include:

1. Self-Funded/(No-Dollar) Imports. These are imports funded from importer's own foreign currency deposit accounts or those sent by suppliers abroad for which no payment in foreign exchange will be made whether immediate or potential.
2. Importations on Consignment Basis. These are importations by export producers of raw materials and accessories/supplies from foreign suppliers/buyers abroad for the manufacture or processing of products destined for export to said foreign suppliers/buyers. These shall also include machinery/equipment and spare parts consigned to the local manufacturer/processor for eventual re-export to the consignor, provided that the equipment involved shall be used only in connection with the processing of products for export.

Section 14. Comprehensive Import Supervision Scheme (CISS).

Goods destined for importation into the Philippines shall be subject to inspection by the inspector(s) duly authorized by the

Government in the countries of supply, as to the quality, quantity, price/HCV, verification of Tariff and Customs Code, classification and verification of Tariff rate, under a Comprehensive Import Supervision Scheme (CISS).

Pursuant to Joint Order 1-91 (Appendix 4) which governs the implementation of the CISS, the following commodities are subject to inspection:

1. Goods sold and/or supplied from all countries with FOB value of US\$500.00 and above.
2. Goods invoiced or declared in the shipping documents as off-quality under such descriptive terms as stocklots, side-runs, cull rolls, seconds, mill lots, scraps, off-grade, reconditioned, used, junk or similar terms conveying or purporting to convey the condition of the article as not being brand-new or first quality, regardless of value.

B. EXPORT TRADE TRANSACTIONS

Section 15. General Policy. It is the policy of the Central Bank to encourage commodity exports which generate foreign exchange earnings for the country. Accordingly, commodity exports are allowed without restriction except for certain commodities which are regulated or prohibited for reasons of national interest or by provision of law.

Section 16. Classification of Exports

1. Freely Exportable Commodities. These are commodities the exportation of which is neither regulated nor prohibited. They may be effected without prior approval of or clearance from any government agency.
2. Regulated Commodities. These are commodities the exportation of which requires clearances/permits from appropriate government agencies. The list of these products and the appropriate government agencies/offices is shown in Appendix 5.
3. Prohibited Exports. These are commodities the exportation or sale of which is prohibited/penalized by law.

Section 17. Export Declaration (ED)

1. Individual Export Declaration

- a. With Foreign Exchange Proceeds. For every export shipment with foreign exchange proceeds, exporters must accomplish Form CBP 6-21-02, Revised 1991 (ED With Foreign Exchange Proceeds). Exporters to ASEAN countries must likewise accomplish this ED even if the shipment is paid for in Philippine pesos. The duly accomplished ED shall be submitted to the commercial bank which shall in turn forward the same to the Bureau of Customs (BOC); and
- b. Without Foreign Exchange Proceeds. Every export shipment without foreign exchange proceeds shall be covered by an Export Declaration Without Foreign Exchange Proceeds, issued by a commercial bank using CBP Form No. 6-21-04. Household and personal effects forming part of the accompanied baggage of an outgoing passenger leaving the Philippines shall be exempted from this requirement.

2. Monthly Export Declaration (MED). The use of a MED may be allowed by the commercial bank for exports with or without foreign exchange proceeds that are frequent and recurring, using the same form for ED under Section 17 but adding the word "Monthly" to the form title provided that the exporter shall

submit a summary report to the commercial bank of all shipments effected under the said MED. The authority to use such a MED shall be valid for a period of one (1) year.

3. Registration and Issuance. The commercial bank shall register all EDs it issues and shall adopt a control number for each ED as prescribed by the Central Bank attached herewith as Appendix 6. No ED shall be issued unless the Letter of Credit (L/C), Purchase Order (P.O.) or Sales Contract (S.C.) is submitted to the commercial bank.
4. Validity Period. An ED shall have a maximum validity period of ninety (90) days from date of issue, inclusive of extensions, provided that the expiry date does not go beyond the delivery period specified in the L/C, P.O. or S.C.
5. Amendments. Amendments to the ED may be allowed by commercial banks at any time before export negotiation without prior Central Bank approval.
6. Cancellation of ED. Requests for cancellation of an ED may be given due course by the commercial bank upon submission by the exporter of the original ED1 thereof or Certificate of Non-Shipment issued by the Bureau of Customs.

Section 18. Modes and Currency of Payment

1. Authorized Modes. Payments for exports may be made under any of the following modes without prior Central Bank approval:

- a. Letter of Credit (L/C);
- b. Documents Against Payment (D/P)/Cash Against Document (CAD);
- c. Documents Against Acceptance (D/A);
- d. Open Account (O/A);
- e. Intercompany Open Account Offset (Interco O/A) Arrangement (can be availed of only by firms with parent/affiliate relationship abroad); and
- f. Consignment.

2. Other Authorized Modes. Payments for exports may also be made under the following modes without prior Central Bank approval:

- a. Export Advance - if the remittance is received more than thirty (30) days before shipment; and
- b. Prepayment - if the remittance is received within thirty (30) days before shipment.

To enable the commercial bank to determine whether the remittance received is a prepayment or an export advance, the exporter upon receipt of such remittance shall disclose to the commercial bank the date the shipment is to be effected.

Bank draft/telegraphic transfer, buyer's checks, traveller's checks or acceptable foreign currency notes may be used in prepayment/export advance, but for buyer's checks, the same shall be cleared before shipment.

3. Acceptable Currencies

a. Payments for exports may be made in the following currencies:

- | | |
|------------------------|---------------------------------|
| 1) U.S. Dollar | 13) Australian Dollar |
| 2) Japanese Yen | 14) Ringgit Malaysia |
| 3) Pound Sterling | 15) Italian Lira |
| 4) Deutsche Mark | 16) Saudi Rial |
| 5) Hongkong Dollar | 17) Kuwaiti Dinar |
| 6) Swiss Franc | 18) Bahrain Dinar |
| 7) French Franc | 19) Brunei Dollar |
| 8) Canadian Dollar | 20) Indonesian Rupiah |
| 9) Netherlands Guilder | 21) Thai Baht |
| 10) Austrian Schilling | 22) United Arab Emirates Dirham |
| 11) Singapore Dollar | 23) Such other currencies |
| 12) Belgian Franc | that may be declared |
| | acceptable by Central |
| | Bank |

b. Payments may, however, be made in Philippine pesos for the following:

- 1) Exports to ASEAN countries provided that Central Bank shall not be asked to intervene in the clearing of any balances from this payment scheme; and
- 2) Gold sales to Central Bank which are considered as constructive exports.

Section 19. Negotiation and Payment Procedures

1. Negotiation. The exporter shall negotiate his bill of exchange/account with the commercial bank

together with the bill of lading/airway bill, signed commercial invoice and other documents as required.

The commercial bank shall certify to the said negotiation in the ED2 copy which shall form part of the commercial bank's Daily Report on Export Negotiations.

In case of availments of export advances, the commercial bank thru which the availment was made must also be the same bank to negotiate the export documents.

In cases where a shipment is fully prepaid, or is on O/A basis, the exporter may send the documents directly to the buyer. However, copies of these documents must be submitted to the commercial bank which issued the ED.

2. Payment. Payment shall be subject to the guidelines set forth under Appendix 7 of this Circular. Upon receipt of the export proceeds, the commercial bank shall certify to such receipt on the ED5 copy thereof.

Section 20. Disposition of Export Proceeds. Foreign exchange receipts, acquisitions or earnings of residents from exports may, at the option of said exporter, be sold for pesos to AABs or

outside the banking system, retained, or deposited in foreign currency accounts, whether in the Philippines or abroad and may be used freely for any purpose.

Section 21. Gold and Constructive Exports

1. **Gold.** All exports of gold in any form may be allowed except for gold from small-scale mining which is required to be sold to the Central Bank pursuant to Republic Act No. 7076 dated June 27, 1991. Gold from small-scale mining includes panned gold.
2. **Constructive Exports.** In addition to gold sales to the Central Bank, the following sales of residents paid for in foreign currency shall be considered as constructive exports:
 - a. Gold sales to the Central Bank even if paid for in Philippine currency;
 - b. Sales of residents paid for in foreign currency to the following entities:
 - 1) Bonded manufacturing warehouses of export producers/manufacturers;
 - 2) Export Processing Zones;
 - 3) BOI-registered export traders operating bonded trading warehouses supplying raw materials used in the manufacture of export products;
 - 4) Diplomatic missions in the Philippines;

- 5) Duty Free Philippines Inc. (DFP); and
- 6) Foreign buyers of goods/products to be delivered directly to local consumers at the instruction of the former and paid for in foreign currency.

An ED for each sale shall be accomplished, provided that the exporter shall submit a delivery receipt signed by the buyer in lieu of the bill of lading/airway bill. For sales of DFP, a MED shall be accomplished instead of an ED.

PART TWO. CAPITAL ACCOUNTS

CHAPTER I

FOREIGN CURRENCY LOANS & GUARANTEES

Section 22. General Policy. The Central Bank shall regulate foreign currency loans to ensure that interest and principal owed to creditors can be serviced in an orderly manner and with due regard to the economy's overall debt servicing capacity. Pursuant to Article VII Section 20 of the Constitution, all public and private sector publicly guaranteed obligations from foreign creditors, Offshore Banking Units (OBUs) and Foreign Currency Deposit Units (FCDUs) shall be referred to the Central Bank for prior approval. Other private sector loans from these creditors and other financing schemes/arrangements shall require prior approval and/or registration by the Central Bank if to be serviced using foreign exchange purchased from the banking system.

Section 23. Loans Requiring Prior Central Bank Approval. Prior Central Bank approval shall be required for the following loans:

1. Loans of the following public sector entities irrespective of maturity, creditor and the source of foreign exchange for servicing thereof:
 - a. National Government, its agencies and instrumentalities;
 - b. Government-owned/controlled corporations;
 - c. Government financial institutions, except short-term normal interbank borrowings; and
 - d. Local governments.

Central Bank approval shall be obtained even before commencement of actual negotiations.

2. Loans of the private sector irrespective of maturity, creditor and the source of foreign exchange for servicing thereof if:

a. guaranteed by government corporations and/or government financial institutions;

b. covered by foreign exchange guarantees issued by local commercial banks; and

c. to be granted by FCDUs and specifically or directly funded from, or collateralized by offshore loans or deposits.

3. Loans with maturities in excess of one (1) year to be obtained by private commercial banks and financial institutions intended for relending to public or private sector enterprises.

4. Loans to be extended by participating creditor banks under the Revolving Trade Facility (RTF) Agreement to a Philippine obligor, having a long-term tenor and is for the purpose of the purchase and importation into the Philippines of tangible personal property (Capital Asset Purchase Credit), pursuant to Article VI (Relending Option) of said Agreement.

5. Other private sector loans, irrespective of maturity if to be serviced using foreign exchange purchased

from the banking system and now covered by Section 24 hereof.

Loan applications shall be filed using the prescribed forms.

Section 24. Loans Not Requiring Prior Central Bank Approval.

The following loans may be granted without prior approval of the Central Bank:

1. Loans of the private sector from FCDUs/offshore sources irrespective of maturity, to be serviced using foreign exchange purchased from outside of the banking system.
2. Short-term (with maturity not exceeding one [1] year) loans of financial institutions, both public and private, for normal interbank transactions, e.g., interbank call loans and general liquidity loans.
3. Short-term loans of the private sector in the form of export advances from buyers abroad.
4. Short-term loans of the following private sector borrowers from FCDUs:
 - a. Commodity and service exporters - provided these loans are used to finance export-related import costs of goods and services as well as peso cost requirements.

Service exporters shall refer to Philippine residents engaged or proposing to engage in

rendering technical, professional or other services which are paid for in foreign exchange.

- b. Producers/manufacturers, including oil companies and public utility concerns - provided the loans are used to finance import costs of goods and services necessary in the production of goods by the borrower concerned. Producers/manufacturers shall refer to any person or entity who undertakes the processing/conversion of raw materials into marketable form through physical, mechanical, chemical, or other means or by special treatment or a series of actions that results in a change in the nature or state of the products.

Public utility firms shall refer to any business organization which regularly supplies the public with commodities or services such as electricity, gas, water, transportation, telegraph/telephone services and the like.

Proceeds of FCDU loans shall not be eligible for deposit in an FCDU account if to be serviced using foreign exchange purchased from the banking system.

5. Short-term loans of private sector exporters/importers from participating creditor banks under the Revolving Trade Facility (RTF) Agreement, provided that:

- a. The loans are not covered by a guarantee from a government financial institution/corporation;
- b. The loans shall be exclusively used to finance specific trade transactions in an amount equivalent to the import bills to be liquidated and/or in the case of export financing transactions, to the borrower's pre-export financing requirements;
- c. The advice or notification on the loans to be obtained together with the pertinent documents cited in Appendix 8 have been submitted to the Central Bank at least five (5) days prior to drawdown date;
- d. Drawdown and registration requirements under Sections 27 and 28 hereof shall be complied with; and
- e. Any assignment of the loan by the creditor concerned shall require prior Central Bank approval.

Section 25. Projects/Costs Eligible for Foreign Financing.

- 1. Loans requiring prior Central Bank approval shall as much as possible finance the following types of projects:
 - a. Export-oriented projects;
 - b. BOI-registered projects;
 - c. Projects listed in the Investment Priorities Plan (IPP);

- d. Projects listed in the Medium-Term Public Investment Program; and
 - e. Other projects that may be declared priority under the country's socio-economic development plan by the National Economic and Development Authority or by Congress.
2. Short-term loans shall finance exclusively foreign exchange requirements of projects except as may be specifically allowed under this Circular.
 3. Medium and long-term loans may finance foreign exchange costs and local costs (excluding working capital) of eligible projects.

Section 26. Terms of Loans

1. Loans shall have terms reflective of those prevailing in the international capital markets.
2. Terms of loans to be obtained by the National Government shall be in accordance with the provisions of pertinent laws governing National Government borrowings.
3. The Monetary Board may require longer grace/maturity periods for medium and long-term loans involving large amounts to reduce the impact thereof on debt servicing.

Section 27. Drawdown/Availment on Loans. Loans intended to be serviced using foreign exchange purchased from the banking system shall comply with the following procedures/conditions for drawdown:

1. Drawdowns shall be made not earlier than two (2) days prior to the intended utilization of the loan.

2. Loan proceeds shall be inwardly-remitted and sold to the banking system and shall not therefore be eligible for deposit in FCDU accounts. However, amounts intended to finance foreign exchange costs may be remitted directly to the supplier as may be specifically allowed by the Central Bank.

Section 28. Registration of Loans

1. Only loans which have been duly registered with the Central Bank shall be eligible for servicing using foreign exchange purchased from the banking system. Applications for registration shall be filed by the borrower with the Central Bank within three (3) banking days from drawdown date for short-term loans and fifteen (15) banking days for medium and long-term loans using the prescribed forms.
2. Private sector loans granted pursuant to Sections 24.4 and 24.5 shall be reported to the Central Bank for registration purposes, using forms prescribed for the purpose.
3. Compliance with the provision of Section 27 above shall be a precondition for registration of loans with the Central Bank.
4. Loans requiring prior Central Bank approval which have been drawn/availed of without the requisite approval shall not be eligible for registration and subsequent servicing using foreign exchange purchased from the banking system.

Section 29. Servicing of Loans

1. Payments for principal, interest, fees and related charges on loans duly registered with the Central Bank may be remitted as they fall due through commercial banks without prior Central Bank approval.
2. Payments for the following shall, however, be subject to prior Central Bank approval:
 - a. Prepayment/acceleration of payments on medium and long-term (MLT) loans;
 - b. Loans past due for more than thirty (30) calendar days reckoned as follows:
 - 1) For short-term loans, from the 360th day after availment; and
 - 2) For MLT loans, from original maturity date.
 - c. Other loan-related fees/charges not authorized by the Central Bank; and
 - d. Loans covered by official rescheduling with Paris Club creditors listed in Appendix 9.
3. Applications for servicing of loan-related transactions shall be submitted to any commercial bank duly supported by the following documents:
 - a. Central Bank registration letter indicating the charges/costs payable on the due dates cited in the application for remittance and specifically authorizing servicing of the payments involved without prior Central Bank approval;

- b. Billing from the foreign creditor showing amounts payable and due dates, and where applicable, the detailed computation (including basis) of the charges to be paid; and
 - c. Proof of compliance with relevant Bureau of Internal Revenue (BIR) regulations on foreign loan-related payments.
4. Borrowers with existing Central Bank-registered credits shall apply with the Central Bank for a one-time authority to service their outstanding credits using the prescribed forms.

Section 30. Approval/Registration and Servicing of Guarantees

1. Guarantees for account of the public sector as well as those to be issued by government-owned and-controlled corporations in favor of non-residents shall continue to be referred to the Central Bank for prior approval.
2. The following guarantees for account of the private sector shall not require prior Central Bank approval but should be reported to the Central Bank, for registration purposes, to be eligible for servicing using foreign exchange purchased from the banking system in the event of a default, by the principal obligor provided that proceeds of guarantees where the beneficiary is a resident shall be inwardly remitted and sold to the banking system:

- a. Guarantees to be issued by local banks and financial institutions including government financial institutions in favor of non-residents such as:
 - 1) Payment guarantees (e.g. bid bonds, performance bonds, advance payment bonds); and
 - 2) Guarantees to secure foreign obligations of residents which do not partake the nature of a foreign loan.
 - b. Guarantees to be issued by foreign banks and financial institutions as well as other foreign entities to secure peso as well as foreign obligations (which do not partake the nature of a foreign loan) of local firms; and
 - c. Guarantees and other forms of contingent liabilities chargeable against the participating creditor banks' commitment under the RTF.
- 3. Other guarantees or similar arrangements which may give rise to actual foreign obligations shall require prior Central Bank approval to be eligible for servicing using foreign exchange purchased from the banking system.
 - 4. Fees and charges on guarantees shall be reflective of prevailing market terms, provided that guarantees issued by parent companies to their affiliates shall not be charged any fee.

5. Any payments relative to Central Bank registered guarantees may be remitted by commercial banks as they fall due without prior Central Bank approval. Payments on any foreign liability arising from a call on the guarantee shall require prior Central Bank approval, if to be serviced using foreign exchange purchased from the banking system.

Section 31. Approval and Servicing of Other Financing Schemes/Arrangements.

1. Financing schemes requiring total foreign exchange commitment in excess of US one million dollars such as, but not* limited to Build-Operate-Transfer (BOT), Build and Transfer (BT) shall require prior approval of the Central Bank to be eligible for servicing using foreign exchange purchased from the banking system.
2. Payments related to financing schemes involving foreign exchange commitments of less than US one million dollars as well as Central Bank-approved transactions under paragraph 1 above may be serviced, as they fall due without prior Central Bank approval.

CHAPTER II

FOREIGN INVESTMENTS

Section 32. General Policy. Foreign investments need not be registered with the Central Bank. The registration of a foreign investment with the Central Bank is only required if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon shall be sourced from the banking system. Foreign exchange needed for capital repatriation and remittance of dividends, profits and earnings of unregistered foreign investments may be sourced outside of the banking system.

Foreign investments shall be registered by the Central Bank only upon submission of proof that the foreign exchange funding the investment has been sold to the banking system for pesos, or that there has been an actual transfer of assets to the Philippines, in the case of investments in kind and the required endorsement of the Securities and Exchange Commission (SEC) or Bureau of Trade Regulation and Consumer Protection (BTRCP) has been obtained.

Section 33. Categories of Foreign Investments. For purposes of registration, foreign investments may either be: (1) direct foreign equity investments in Philippine firms or enterprises; (2) investments in government securities and/or securities listed in the Philippine Stock Exchange; or (3) investments in money market instruments and/or bank deposits.

Section 34. Direct Foreign Equity Investments. Direct foreign equity investment may be in cash or in kind.

Assets eligible for registration as investment in kind shall include: (1) machinery and equipment; and (2) raw materials, supplies, spare parts, and other items including intangible assets necessary for the operation of the investee firm. The value of these investments in kind shall be assessed and appraised by the Central Bank before their registration.

Expenses incurred by foreign firms pursuant to government-approved service contracts for oil/geothermal energy exploration/developments may be capitalized and registered as foreign investment with the Central Bank.

Section 35. Investments in Government/ Listed Securities.

1. Investments in government securities shall mean investments in certificates of indebtedness, issued by the Philippine Government, or its political subdivisions, agencies or instrumentalities.
2. Investments in listed securities shall mean investments in securities listed in the Philippine Stock Exchange, including securities traded over-the-counter.

Section 36. Investments in Monetary Market Instruments and/or Bank Deposits. Investments in money market instruments shall include all debt instruments, such as but not limited to bonds

and bills payables, issued by private domestic firms, not included in Section 23 Part Two, Chapter I of this Circular.

Investments in bank deposits shall mean both peso savings and time deposits with an AAB.

Section 37. Registration by Custodian Banks. The foreign investments described in Sections 35 and 36 above may be registered directly with the Central Bank or with an investor's designated custodian bank which shall issue a Central Bank Registration Document on behalf of the Central Bank. A custodian bank may be a commercial bank or an OBU appointed by the foreign investor to register his investments and to hold shares for and in his behalf and to represent him in all the necessary actions in connection with his investments in the Philippines.

Section 38. Registration Procedures. The procedure for registration of foreign investments including the supporting documents is outlined in Appendix 10 hereto.

Section 39. Imports and Exports of Stock Certificates of Philippine Firms. No prior Central Bank authority shall be required for the import/export of stock certificates of Philippine firms issued to foreign investors, including investments prior to March 15, 1973 under Section 43 hereof.

Section 40. Repatriation and Remittance Privileges

1. Foreign investments duly registered with the Central Bank or with a custodian bank duly designated by the foreign investor, shall be entitled to full and

immediate repatriation of capital and remittance of dividends, profits and earnings.

2. Without prior Central Bank approval, commercial banks are authorized to sell and to remit the equivalent foreign exchange representing sales/divestment proceeds or dividends, profits or earnings of duly registered foreign investments in accordance with the procedures outlined in Appendix 11 hereof entitled, "Capital Repatriation/Dividend/Profits/Earnings Remittance Procedure".

Section 41. Deposit of Divestment/Sales Proceeds. Pending reinvestment or repatriation, divestment/sales proceeds of duly registered foreign investments, including dividends, profits, earnings may be deposited temporarily with any bank. The eventual repatriation thereof including interest earned net of taxes, shall be remittable in full thru any commercial bank without prior Central Bank approval in accordance with the procedures outlined in Appendix 11 hereof.

Section 42. Reinvestment. Foreign investors may reinvest divestment/sales proceeds or remittable dividends/profits or earnings of duly registered investments. The reinvestments shall be registered with the Central Bank or the investors' designated custodian banks.

Section 43. Investments Prior to March 15, 1973. Foreign investments certified by the stock transfer agents to have been

made prior to March 15, 1973 may be serviced through the banking system, without prior Central Bank approval.

Section 44. Outward Investments by Philippine Residents. A.
resident may invest abroad only if:

1. the investment are funded by withdrawals from foreign currency deposit units (FCDUs); or
2. the funds to be invested are not among those required to be sold to AABs for pesos; or
3. the funds to be invested are sourced from AABs but in amounts of less than \$1 million per investor per year.

PART THREE. OBUs, REPRESENTATIVE OFFICES and FCDUs

CHAPTER I

OFFSHORE BANKING UNITS OF FOREIGN BANKS

Section 45. Definition of Terms. As used in this Chapter, the following terms shall have the meaning indicated unless the context clearly indicates otherwise:

1. "Offshore Banking" shall refer to the conduct of banking transactions in foreign currencies involving the receipt of funds principally from external sources and, as allowed in this Circular, from internal sources and utilization of such funds, as provided herein.
2. "Offshore Banking Unit" or "OBU" shall refer to a branch, subsidiary, or affiliate of a foreign banking corporation which is duly authorized by the Central Bank of the Philippines to transact offshore banking business in the Philippines.
3. "Net office funds" shall refer to the net credit balance of the "Due to Head Office (HO)/Branches/Parent Company Account" after deducting the "Due from HO/Branches/Parent Company Account", as shown in the following computation:

Due to HO/Branches/Parent Company

Remittances/Advances/Deposits to OBU
by HO/Branches/Parent Company

x x x x x

Unremitted earnings of OBU

x x x x x

T o t a l

\$x x x x x

Less: Due from HO/Branches/
Parent Company

Remittances/Advances/Deposits of OBU
with its HO/Branches/Parent Company x x x x x

Net Office Funds \$x x x x x
=====

4. "Deposits" shall refer to funds in foreign currencies which are accepted and held by an OBU in the regular course of business, with the obligation to return an equivalent amount to the owner thereof, with or without interest.

5. "Resident" shall mean -

a. an individual citizen of the Philippines residing therein; or

b. an individual who is not a citizen of the Philippines but is permanently residing therein; or

c. a corporation or other juridical person organized under the laws of the Philippines; or

d. a branch, subsidiary, affiliate, extension office or any other unit of corporations or juridical persons which are organized under the laws of any country and operating in the Philippines.

6. "Non-resident" shall mean an individual, corporation or other juridical person not included in the above definition of "resident".

7. "Foreign currency deposit unit" or "FCDU" shall refer to that unit of a local bank or of a local branch of a foreign bank authorized by the Central Bank to engage in foreign currency-denominated transactions, pursuant to the provisions of R.A. 6426, as amended. "Local bank" shall refer to a thrift bank or a commercial bank organized under the laws of the Republic of the Philippines. "Local branch of a foreign bank" shall refer to a branch of a foreign bank doing business in the Philippines, pursuant to the provisions of R.A. No. 337, as amended.

8. "Acceptable foreign exchange" comprise those foreign currencies which are acceptable to and exchangeable at the Central Bank and which form part of the international reserves of the country.

Section 46. Approvals Required. A foreign bank may operate an offshore banking unit (OBU) in the Philippines, after issuance to it of a Certificate of Authority to operate by the Monetary Board and registration with the Securities and Exchange Commission.

Section 47. Criteria for Selection. The following factors shall serve as basis for the issuance of certificate of authority to operate an offshore banking unit: (1) liquidity and solvency positions; (2) networth and resources base; (3) managerial and international¹ banking expertise of applicant bank (4) contribution to the Philippine economy; and (5) other relevant

factors, such as participation in the equity of local commercial banks and appropriate geographic representations.

Section 48. Pre-Operation Requirements. Upon advice from the Central Bank, a qualified bank shall submit a sworn undertaking of its head office, or parent company, through any of its duly authorized officers, supported by an appropriate resolution of its board of directors, to the effect that it shall:

1. on demand, provide the necessary currencies to cover liquidity needs that may arise or other shortfall that its OBU may incur.
2. manage the operations of its OBU soundly and with prudence.
3. train continually a specific number of Filipinos in international banking and foreign exchange trading with a view to reducing the number of expatriates;
4. provide and maintain in its offshore banking unit at all times net office funds in the minimum amount of US\$1 million.
5. start operations of its OBU within one hundred eighty (180) days from receipt of its certificate of authority to operate such unit.
6. comply with applicable local laws relating to labor and employment.
7. submit, before start of operations, other documents as may be required by the Central Bank such as certification or similar documents showing that it

is duly authorized by the proper Government entity of its country to engage in offshore banking business in the Philippines.

Section 49. Annual Fee. Upon issuance of a certificate of authority to operate an OBU in the Philippines, and yearly thereafter, the authorized bank shall pay the Central Bank a fee of not less than US\$20,000.00.

Section 50. Transactions with Non-Residents and/or with OBUs. An OBU may freely engage in all normal banking transactions with non-residents and/or with other OBUs, involving any currency other than the Philippine peso.

Section 51. Transactions with Foreign Currency Deposit Units (FCDUs). Subject to Central Bank regulations, an OBU may engage in the following transactions with local banks incorporated or registered in the Philippines as FCDU(s) in any currency other than the Philippine peso:

1. Accept time, demand and call deposits or issue negotiable certificates of time deposits.
2. Borrow with maturities not exceeding 360 days.
3. Deposit.
4. Extend loans and advances.
5. Deal in foreign currency instruments.
6. Discount bills, acceptances, and negotiable certificates of deposits.
7. Engage in foreign exchange trading.

8. Engage in such other transactions as are authorized under this section between OBUs and resident banks authorized to accept foreign currency deposits under the provisions of R.A. No. 6426, as amended.

Interbank short-term transactions of not exceeding 360 days such as credit lines of Philippine banks with correspondent banks, interbank call loans and interbank loans for general liquidity purposes shall not require prior Central Bank approval.

Section 52. Transactions with Residents which are not Banks.

An OBU may engage in the following transactions with residents which are not banks:

1. Deal in foreign currency instruments.
2. Extend foreign currency loans and advances, subject to existing regulations on foreign borrowings.
3. Open letters of credit (L/Cs) for importations of resident-borrowers provided such importations shall be funded by a Central Bank-approved OBU foreign currency loan to the resident borrower involved.
4. Negotiate inward (export) Letters of Credit (L/Cs) and handle other export transactions (including documents against acceptance [D/A] and documents against payments [D/P] and open account arrangements [O/A]) coursed thru their worldwide network of branches and correspondents subject to the following conditions:

- a. OBUs shall bring in foreign exchange sourced outside of the Trade Facility which shall be sold to the domestic banking system; and
 - b. OBUs' share in the total export L/C negotiation business shall be limited to 1/2 of the growth (incremental) element in the country's total annual export. This limit shall be observed yearly until this equals 10 percent of total exports. Exports not covered by L/Cs, i.e., done thru documents against acceptance/open account arrangements shall be considered subject to this overall limit;
5. Provide full foreign exchange service for all foreign currency non-trade remittances and trade remittances resulting from or related to their own negotiation of export L/Cs.
 6. Render financial, advisory and related services.
 7. Refinance trust receipts without prior Central Bank approval arising from import transactions of Philippine residents in U.S. dollars or in other acceptable foreign currencies. The refinancing shall be evidenced by bankers acceptances.

Section 53. Peso Deposits. OBUs may open and maintain peso deposit accounts with domestic agent banks exclusively for the following purposes:

1. To meet administrative and other operating expenses, such as salaries, rentals and the like.
2. To pay the peso equivalent of foreign exchange sold by beneficiaries of inward remittances of Filipino overseas workers or of Filipino or multinational companies, coursed through the OBUs' correspondent banks abroad.
3. To pay to the designated beneficiaries in the Philippines the peso equivalent of foreign exchange inward remittances other than remittances related to trade.
4. To pay the peso equivalent of foreign exchange sold by beneficiaries of export L/Cs negotiated with the OBUs.

The peso deposit accounts shall be funded exclusively by inward remittances of foreign exchange eligible to form part of the Philippine international reserves.

OBUs may also sell inward remittances of foreign exchange for pesos to the Central Bank through the Treasury Department, for credit to the demand deposit account of the designated commercial bank for account of the OBU....

Section 54. Financial Assistance to Officers/Employees. OBUs may extend financial assistance (real estate, car, personal loans, etc.) in local or foreign currency to their Filipino officers and employees as part of their fringe benefit program. They may likewise grant foreign currency loans to their expatriate officers without need of Central Bank approval.

Section 55. Secrecy of Deposits. The provisions of R.A. No. 6426 (Foreign Currency Deposit Act), as amended, shall apply to deposits in OBUs; Provided, however, that numbered deposit accounts shall not be used.

Section 56. Exemption from Certain Laws. The provisions of Act No. 2655 (Usury Law) as amended, R.A. No. 529 (Uniform Currency Law) as amended, and R.A. No. 3591 (Deposit Insurance Law) as amended, shall not apply to transactions and/or deposits in OBUs in the Philippines.

Section 57. Accounting and Reporting. OBUs shall maintain an accounting system in accordance with guidelines prescribed by the Central Bank. Periodically or as required, existing reports shall continue to be submitted in the prescribed forms to the Central Bank.

Section 58. Supervision. The operations and activities of offshore banking units shall be conducted under the supervision of the Central Bank of the Philippines.

Section 59. Taxes, Customs Duties. Transactions of OBUs in the Philippines shall be subject to such taxes as are prescribed in Presidential Decree No. 1034, as implemented by regulations of the Bureau of Internal Revenue.

Section 60. Revocation/Suspension. The Monetary Board, by the recommendation of the Governor, may revoke or suspend the authority of an Offshore Banking Unit to operate in the Philippines for violation of P.D. No. 1034 or these regulations.

CHAPTER II

REPRESENTATIVE OFFICES OF FOREIGN BANKS

Section 61. Definition of Terms. As used in this Chapter, the following terms shall have the meaning indicated unless the context clearly indicates otherwise:

1. "Foreign Bank" shall refer to a bank or banking corporation formed, organized and existing under any foreign law.
2. "Representative Office" shall refer to a liaison office of a foreign bank which deals directly with the public by promoting and giving information about the foreign bank's services offered. It does not include the regional or area headquarters of a foreign bank registered and licensed under existing laws.

Section 62. Criteria for Approval. The Monetary Board may authorize qualified foreign banks to open representative offices in the Philippines if, in its judgment, the public interest and economic conditions, both general and local, justify the establishment of such office. The following factors, among others, shall serve as basis for issuance of authority to open a representative office in the Philippines: (1) liquidity and solvency positions; (2) net worth and resources base; (3) financial and credit standing in the international banking community; (4) exposure in the Philippines; and (5) other

relevant factors, such as Philippine commercial and financial relationships with the country where applicant bank is based.

Section 63. Authorized Activities of Representative Offices.

Authorized representative offices may promote and provide information about the services/products offered by the foreign banks but may not transact banking business, such as acceptance of deposits, issuance of letters of credit and foreign exchange trading. Transactions generated through the promotional efforts of the representative office may be booked only by the foreign bank abroad.

Section 64. Fees. Banks with representative offices to be established after the effectivity of this Circular shall, upon issuance by the Central Bank of a Certificate of Authority, pay the Central Bank a license fee of US\$2,000.00.

Section 65. Use of the term "Representative Office". Foreign banks authorized to operate representative offices shall, in their representation with the public, carry with their name the additional term "Representative Office" to properly guide the public on the nature and extent of their activities.

Section 66. Licensing. The licensing and operations of representative offices including the implementation of these regulations and such other rules and regulations that may be issued from time to time shall be the responsibility of FERD.

Section 67. Visitorial Power. The Central Bank may, from time to time, look into the affairs of the representative offices to determine the extent of their compliance with this regulation and/or other related Central Bank issuances.

Section 68. Reporting. Representative Offices shall submit to the Central Bank annual reports of their Head Office and, periodically as may be required, reports on the transactions of their Head Office in the Philippines in such form as may be prescribed for the purpose.

Section 69. Revocation of License. The Monetary Board may revoke the license of a representative office if it finds after due investigation that: (1) the representative office or its officers have violated the provisions of this Circular and any other applicable rules and regulations of the Central Bank of the Philippines; or (2) its Head Office is found to be in imminent danger of insolvency or that its continuance in business will involve probable loss to those transacting business with it, pursuant to Section 16 of R.A. 337, as amended.

CHAPTER III

FOREIGN CURRENCY DEPOSIT SYSTEM

Section 70. Definition of Terms. As used in this Chapter, the following terms shall have the meaning indicated unless the context clearly indicates otherwise:

1. "Foreign Currency Deposit Unit" or "FCDU" shall refer to that unit of a local bank or of a local branch of a foreign bank authorized by the Central Bank to engage in foreign currency-denominated transactions, pursuant to the provisions of R.A. 6426, as amended. ("Local bank" shall refer to a thrift bank or a commercial bank organized under the laws of the Republic of the Philippines. "Local branch of a foreign bank" shall refer to a branch of a foreign bank doing business in the Philippines, pursuant to the provisions of R.A. No. 337 as amended).
2. "Short-term" loans and securities shall refer to credit accommodations with maturities of one (1) year or less.
3. "Medium-term" loans and securities shall refer to credit accommodations with maturities of more than one year but not more than five (5) years.
4. "Long-term" loans and securities shall refer to credit accommodations with maturities of more than five (5) years.

The definition of such other terms used in this Chapter shall be consistent with the definition of terms used under the Chapter on Offshore Banking Units of Foreign Banks.

Section 71. Qualification Requirements

1. Only commercial banks can be authorized to function under the expanded foreign currency deposit system, pursuant to the provisions of R.A. 6426, as amended, provided, that they meet the following minimum qualifications:

a. Its networth or combined capital accounts are at least equal to the minimum capital requirement for commercial banks as may be prescribed by the Monetary Board from time to time. Networth or combined capital accounts as used herein shall refer to the total of unimpaired paid-in capital, surplus, and undivided profits, net of such valuation reserves and other capital adjustments as may be required by the Central Bank;

b. It has shown profitable operations for a period of two (2) consecutive business years immediately preceding the date of application. Its profitability, solvency, and liquidity ratios must be satisfactory;

c. It has substantially complied with applicable laws and existing Central Bank rules and regulations; and

- d. Bank officers shall have at least two (2) years of actual experience in foreign exchange operations or related activities or have undergone training in foreign exchange operations acceptable to the Central Bank.
2. Thrift banks may also be authorized to operate an FCDU, provided that they have networth or combined capital accounts of at least P50 million and have the other minimum qualifications prescribed above for commercial banks.

Section 72. Authorized Transactions

1. Thrift banks which are granted a certificate of authority to operate an FCDU are authorized to engage in the following transactions in any acceptable foreign currency:
 - a. Accept deposits and trust accounts (for banks authorized to engage in trust operations) from residents and non-residents;
 - b. Deposit, on short-term maturity, with foreign banks abroad, OBUs, and other FCDUs;
 - c. Invest in foreign currency denominated debt instruments, which are of short-term maturity and are readily marketable;
 - d. Grant short-term foreign currency loans as may be allowed by Central Bank regulations;

- e. Borrow, on short-term maturity, from other FCDUs; and from foreign banks abroad and OBUs, subject to existing rules on foreign borrowings; and
 - f. Engage in foreign currency-foreign currency swap with the Central Bank, OBUs and other FCDUs.
2. Commercial banks, which are authorized to operate under the expanded foreign currency deposit system under Section 71 hereof, may engage in the following transactions in any acceptable foreign currency:
- a. Accept deposits and trust accounts (for banks authorized to engage in trust operations) from residents and non-residents;
 - b. Deposit with foreign banks abroad, OBUs and other FCDUs;
 - c. Invest in foreign currency-denominated debt instruments;
 - d. Grant foreign currency loans as may be allowed by the Central Bank;
 - e. Borrow from other FCDUs; and from non-residents and OBUs, subject to existing rules on foreign borrowings;
 - f. Engage in foreign currency-foreign currency swap with the Central Bank, other FCDUs, and OBUs;
 - g. Engage in foreign exchange trading; and with prior Central Bank approval, engage in financial futures and options trading; and

h. On request/instructions of its foreign correspondent bank, it may:

- 1) issue letters of credit for a non-resident importer in favor of a non-resident exporter;
- 2) pay, accept, or negotiate drafts/bills of exchange drawn under the letter of credit; and
- 3) make payment to the order of the non-resident exporter.

Provided, that the foreign correspondent bank shall deposit sufficient foreign exchange with the FCDU issuing the letter of credit to cover all drawings.

Section 73. Foreign Currency Cover Requirements. FCDUs shall maintain at all times, a one hundred percent (100% cover for their foreign currency liabilities. For purposes of complying with this requirement, the principal offices in the Philippines of the authorized banks and all its branches located therein shall be considered as a single unit. The foreign currency cover shall consist of the following:

1. For Thrift Banks -
 - a. Foreign currency deposits with the Central Bank;
 - b. Foreign currency deposits of short-term maturity, with foreign banks abroad, OBUs and other FCDUs;

- c. Short-term foreign currency loans authorized by the Central Bank except those classified by the Central Bank as bad or uncollectible debts;
 - d. Investments in foreign currency-denominated debt instruments, which are of short-term maturities and are readily marketable;
 - e. Foreign currency notes and coins on hand;
 - f. Foreign currency swapped with the Central Bank, OBUs and other FCDUs;
 - g. Foreign currency interests receivable; and
 - h. Such other assets, as may be determined by the Monetary Board as eligible cover.
2. Commercial Banks - In addition to the above, the following shall also be considered as eligible asset cover:
- a. Foreign currency loans maturing beyond one (1) year granted with prior Central Bank approval, except those classified by the Central Bank as bad or uncollectible debts; and
 - b. Investments in foreign currency-denominated debt instruments, irrespective of maturity.

For purposes of this Section, only real accounts shall qualify as eligible asset cover.

Section 74. Foreign Currency Deposit with the Central Bank.

FCDUs of thrift banks shall maintain at all times foreign currency deposits with the Central Bank equivalent to at least fifteen percent (15%) of their foreign currency deposit

liabilities. The Central Bank may pay interest on the foreign currency deposit and if requested shall exchange the foreign currency notes and coins into foreign currency instruments drawn on its depository banks. FCDUs of commercial banks shall be exempt from maintaining fifteen percent (15%) of the cover in the form of foreign currency deposit with the Central Bank.

Section 75. Currency Composition of the Cover. FCDUs of thrift banks shall maintain the foreign currency cover in the same currency as that of the corresponding foreign currency deposit liability.

FCDUs of commercial banks shall maintain not less than seventy percent (70%) of the foreign currency cover in the same currency liability and thirty percent (30%) or less, at the option of the FCDU, may be denominated in other acceptable foreign currencies.

Section 76. Secrecy of Deposits. Pursuant to R.A. No. 6426, as amended, all foreign currency deposits are declared and considered of an absolutely confidential nature and, except upon the written permission of the depositor, in no instance shall such foreign currency deposits be examined, inquired or looked into by any person, government official, bureau or office whether judicial, administrative or legislative, or any other entity whether public or private.

Section 77. Numbered Accounts. Authorized banks may adopt a numbered account system.

Section 78. Withdrawability and Transferability of Deposits.

There shall be no restrictions on the withdrawal by the depositor of his deposit or on the transferability of the same abroad except those arising from the contract between the depositor and the bank.

Section 79. Insurance Coverage Foreign currency deposits shall be insured under the provisions of R.A. No. 3591, as amended. Depositors are entitled to receive payment in the same currency in which the insured deposits are denominated.

Section 80. Rates of Interest. Authorized banks are free to pay any rate of interest on foreign currency deposits.

Section 81. Eligibility as Collateral. Deposits under the Foreign Currency Deposit System are eligible as collateral for peso loans or for foreign currency loans to both domestic juridical entities and/or resident individuals.

Section 82. Taxes. All foreign currency deposits made under this Chapter, including interest and all other income or earnings of such deposits, are exempt from any and all taxes whatsoever irrespective of whether or not these deposits are made by residents or non-residents so long as the deposits are eligible or allowed under aforementioned laws and in the case of non-residents, irrespective of whether or not they are engaged in trade or business in the Philippines.

The transactions of FCDUs shall, however, be subject to such taxes as are provided by law and regulations of the Bureau of Internal Revenue.

Section 83. Exemption from Court Order or Process. Foreign currency deposits shall be exempt from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body whatsoever.

Section 84. Inapplicability of Certain Laws. The provisions of R.A. No. 529 (Uniform Currency Law) as amended, and R.A. No. 2655 (Usury Law) as amended, shall not apply to banks in respect to their foreign currency transactions under this Chapter.

Section 85. Accounting. The foreign currency deposits and their corresponding cover shall be considered as funds separate and distinct from the regular assets and liabilities of the authorized banks. Authorized banks shall maintain a separate accounting for transactions covered by this Chapter that will enable preparation of the Balance Sheet and Profit and Loss Statement covering said funds.

Periodically or as required, existing reports shall continue to be submitted in the prescribed forms to the Central Bank of the Philippines.

Section 86. Supervision. The Governor or the head of the appropriate department of the Central Bank personally, or by deputies, are authorized to verify the books of account and

transactions of each authorized bank, to verify the eligible cover, as well as review all other requirements under these regulations and the bank's compliance with the provisions of law and these regulations.

Section 87. Prospective Effect of Regulations. In the event a new enactment or regulation is issued decreasing the rights hereunder granted, such new enactment or regulation shall not apply to foreign currency deposits already made or existing at the time of issuance of such new enactment or regulation, but such new enactment or regulation shall apply only to foreign currency deposits made after its issuance.

Section 88. Sanctions. Any willful violation of R.A. 6426, as amended, or any regulation duly promulgated by the Monetary Board pursuant thereto shall subject the offender upon conviction to an imprisonment of not less than one year nor more than five (5) years or a fine of not less than five thousand pesos nor more than twenty-five thousand pesos, or both such fine and imprisonment at the discretion of the court.

The Central Bank may revoke or suspend the authority of a bank to accept new foreign currency deposits for violation of R.A. No. 6426 or these regulations, or if such bank ceases to possess the minimum qualifications required.

PART FOUR. GENERAL PROVISIONS.

CHAPTER I

REPORTS AND POST-VERIFICATION

Section 89. Reportorial Requirements. The following reports are required to be submitted to the CB by the AABs and by OBU's, when applicable:

<u>Title of Report</u>	<u>Submission Frequency/Deadline</u>
A. <u>Consolidated Report on Foreign Exchange Assets and Liabilities</u>	
1. For commercial banks : IOS Form 1, Schedules 1-17	Daily, within two (2) banking days after reference date
IOS Form 1, Schedules 18	Monthly, within ten (10) banking days after end of reference month
2. For thrift banks : IOS Form 1A, Schedules 1-5	- do -
3. For rural banks : IOS Form 1B, Schedules 1-5	- do -
B. <u>Foreign Exchange Trade Transactions</u>	
1. Report on Export Negotiations, IOS Form 1 Schedule 10	Daily, within two (2) banking days after reference date
2. Report on Export Proceeds Received, IOS Form 1 Schedule 11	- do -
3. Report on Export Declaration Issued (With and Without Foreign Exchange Proceeds) CBP Form 8-21-23	Monthly, within ten (10) banking days after end reference month
4. Report on Red Clause and Other Export Advances CBP Form 8-21-21-A	- do -

- | | | |
|-----|--|---|
| 5. | Report on Regular L/Cs opened, IOS Form 1 Schedule 12 and 12A | Daily, within two (2) banking days after reference date |
| 6. | Report on Negotiations on Regular L/Cs, IOS Form 1 Schedule 13 | - do - |
| 7. | Report on Confirmation/Amendments of L/Cs, IOS Form 1 Schedule 14 | - do - |
| 8. | Report on DA/OA Availments, with Accomplished Record of Goods Imported, IOS Form 1 Schedule 15 | - do - |
| 9. | Report on DA/OA Repayments, IOS Form 1 Schedule 16 | - do - |
| 10. | Report on FX Remittances under D/P Imports, including Direct Remittances, CBP Form 6-15-09 | - do - |

C. Foreign Currency Loans and Related Transactions

- | | | |
|----|---|---|
| 1. | Consolidated Report on Foreign Exchange Assets and Liabilities, IOS Form 1, Schedules 1, 3, 4, 7 and 8 | Daily, within two (2) banking days after reference date |
| 2. | Consolidated Report on Loans Granted by FCDUs, IOS Form 4 | Monthly, within ten (10) calendar days after end of reference month |
| 3. | Consolidated Report on Loans Granted by OBU's to Residents CBP Form 6-24-24 | Monthly, within ten (10) banking days after end of reference month |
| 4. | Report on Foreign Guarantees Securing Peso Loans of Residents from Local Banks and Financial Institutions (FIs) | Quarterly, within ten (10) banking days from end of reference quarter |
| 5. | Report on Guarantees Issued by Local Banks and FIs in favor of Non-Residents | - do - |

D. For Foreign Currency Deposit Units (FCDUs)

- | | |
|---|---|
| 1. Consolidated Statement of Assets and Liabilities (For FCDUs of TBs), CBP 6.40.03 | Monthly, within ten (10) banking days after end of reference month. |
| 2. Statement of Condition (For FCDUs of KBs/EKBs), SES I/VI Form 2 | Monthly, within ten (10) banking days after end of reference month |
| 3. Statement of Earnings and Expenses, CBP 6.40.04 | Semestral, within ten (10) banking days after end of reference semester |
| 4. Report on Spot and Forward FX Transactions of FCDUs, CBP 6.40.06 | Monthly, within ten (10) banking days after end of reference month |
| 5. Report on FCDU Outstanding Long-term Investment in Debt Instruments | - do - |
| 6. Report on Inventory of Philippine Debt Paper | Weekly, within three (3) banking days after reference week |
| 7. Report on Options Transactions | Bi-monthly, within two (2) banking days after reference week |
| 8. Report on Financial Futures Transactions | Monthly, within ten (10) banking days after end of reference month |

E. Offshore Banking Units

- | | |
|--|---|
| 1. Statement of Assets and Liabilities, CBP 6.40.01 | Monthly, within ten (10) banking days after end of reference month |
| 2. Statement of Earnings and Expenses, CBP 6.40.02 | Semestral, within ten (10) banking days after end of reference semester |
| 3. Report on Spot and Forward FX Transactions of OBUs, CBP 6.40.06 | Monthly, within ten (10) banking days after end of reference month |
| 4. Financial Assistance and Training Granted by OBUs to its Filipino Staff | Annually, within ten (10) banking days after end of year |

- | | | |
|----|--|--|
| 5. | FX Cash Receipts and Cash Disbursements | Monthly, within ten (10) banking days after end of reference month |
| 6. | Updated List and Bio-Data of Expatriates | Annually, within ten (10) banking days after end of year |

F. Representative Offices of Foreign Banks

- | | | |
|----|---|--|
| 1. | FX Cash Receipts and Cash Disbursements | Monthly, within ten (10) banking days after end of reference month |
| 2. | Annual Report of Head Office | Within five (5) months after end of fiscal/calendar year |

G. Custodian Banks/Remitting AABs

- | | | |
|----|---|---|
| 1. | Report of Central Bank Registration Documents for Foreign Investments | Daily, within two (2) banking days after registration date |
| 2. | Statement of Remittance together with supporting documents mentioned in Appendix 11 of this Circular. | Daily, within two (2) banking days from date of actual remittance |

Section 90. Procedures for Reporting. Reports shall be filed with the CB Main Office or with the CB Regional Offices or by sending them by mail or special delivery, unless otherwise specified. The date of acknowledgement of receipt on the copy of the report (if filed directly) or the postmark date on the envelope or registry receipt (if mailed) shall be considered as the date of submission.

Section 91. Fines and Penalties.

1. The following schedule of fines for late and/or incomplete submission of reports shall apply:

- a. P100 per banking day for the first five successive banking days of delay;
- b. P150 per banking day for the next five successive banking days of delay; and
- c. P200 per banking day for the successive banking days of delay until the particular report has been filed.

2. Manner of payment or collection of fines:

- a. Fines shall be collected thru debit to the AAB's current account deposit maintained with the CB by the Accounting Department upon receipt of notice from the IOS (International Operations Sector) Department involved; or
- b. In case payment of fines is effected thru check or cash, the same shall be remitted to the Cash Department of the Central Bank thru the IOS Department involved.

Section 92. Post-Verification. Post-verification of foreign exchange transactions covered by this Circular and reported under Section 89 hereof shall be undertaken by the Central Bank to verify compliance with the provisions of this Circular and for monitoring purposes.

CHAPTER II

FINAL PROVISIONS

Section 93. Penal Sanctions. Any person violating the provisions of this Circular shall suffer the penalties prescribed under Sections 33 and 34 of R.A. No. 265, as amended.

Administrative sanctions may also be imposed upon banking institutions found violating this Circular, including their directors and officers responsible for such violation.

Section 94. Repealing Clause. All existing provisions of Circular No. 1284 dated April 25, 1991, Circular No. 1318 dated January 3, 1992, Circular No. 1348 dated July 25, 1992, Circular No. 1351 dated August 21, 1992, Circular No. 1353 dated September 1, 1992, Circular No. 1356 dated September 25, 1992, Circular No. 1362 dated October 23, 1992, Circular No. 1368 dated November 23, 1992, Circular No. 1373 dated December 23, 1992 and Circular No. 1376 dated January 4, 1993, including amendments thereto, and other Central Bank rules and regulations on current accounts, capital accounts, foreign currency deposit units, offshore banking units and representative offices of foreign banks, as well as all other existing Central Bank rules and regulations or parts thereof which are inconsistent with or contrary to the provisions of this Circular are hereby repealed or modified accordingly. Provided, however, that regulations, violations of which are the subject of pending actions or investigations, shall not be considered repealed insofar as such pending actions or investigations are concerned, it being understood that as to such

pending actions or investigations, the regulations existing at the time the cause of action accrued shall govern.

Section 95. Separability Clause. Nothing therein is intended nor shall be construed, to repeal or amend any law or statute. Should any provision of this Circular be declared unconstitutional or invalid, the remaining provisions or parts thereof shall remain in full force and effect, and continue to be valid and binding.

Section 96. Effectivity. This Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

For the Monetary Board:

Edgardo P. Gialcita
EDGARDO P. GIALCITA
Officer-in-Charge

April 13, 1993

APPENDIX 1

Regulated Commodities. These are commodities the importation of which requires clearances/permits from appropriate government agencies including the Central Bank. They are enumerated as follows:

Commodity Description/ Commodity Group (PSCC Code)	Government Agency Issuing Permit/ Clearance
1. Acetic anhydride (513.77-01)	Dangerous Drugs Board (DDB)
2. Rice and Corn	National Food Authority
3. Sodium Cyanide (523.81-01)	Bureau of Food & Drug (BFAD)
4. Chlorofluorocarbon (511.38-01)	BFAD
5. Penicillins/derivatives (541.31-00/542.13-01/542.13-09)	BFAD
6. Refined petroleum products (Appendix 1-A)	Energy Regulatory Board (ERB)
7. Coal and Coal derivatives (321.10-00/321.21-00/ 321.22-00/322.10-00)	ERB
8. Color Reproduction Machines (Subgroup 751.3)	NSI and Cash Department Central Bank
9. Various Chemicals for the manufacture of explosives (Appendix 1-B)	PNP Firearms and Explosives Office (PNP-FEO)
10. Onions, garlic, potatoes and cabbage, for seedling purposes	Bureau of Plant Industry
11. Pesticides incl. Agricultural Chemicals (Appendix 1-C)	Fertilizer & Pesticide Authority
12. Motor Vehicles, Parts and Components (Appendix 1-D)	DTI/BOI
13. Truck and automobile tires and tubes, used, of all sizes (LOI 1086-November 25, 1980)	DTI
14. No-dollar imports of used motor vehicles.	DTI

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|--|--|
| 15. All commodities originating from Socialist and other centrally-planned economy countries | Philippine International Trading Corporation |
| 16. All commodities originating from the Union of South Africa | PITC |
| 17. Warships of all kinds | Maritime Industry Authority (MARINA) |
| 18. Computers/peripherals imported by government agencies in excess of P 2M within a fiscal year | National Computer Center |
| 19. Radioactive materials | Philippine Nuclear Research Institute (PNRI) |
| 20. Legal tender Philippine currency in excess of P5,000 | CEP |
| 21. Others (Appendix 1-E) | CEP |
| 22. Agricultural Products produced locally in sufficient quantity (Appendix 1-F) | Department of Agriculture thru the National Food Authority and the Bureau of Animal Industry |

LIST OF REFINED PETROLEUM PRODUCTS THE IMPORTATION OF WHICH
REQUIRES THE PRIOR APPROVAL OF THE ENERGY REGULATORY BOARD
(PREVIOUSLY BEU)

<u>PSCC CODE</u>	<u>COMMODITY DESCRIPTION</u>
334.11-01	Aviation gasoline
334.11-02	Motor spirit (gasoline)
334.19-02	Petroleum naphtha
334.21-00	Kerosene (including kerosene type jet fuel)
334.30-01	Diesel oil
334.30-09	Other gas oils
334.40-01	Fuel oils for use in the generation of electric power
334.40-02	Bunker oil (other than those of sub-item 334.40-01)
334.40-03	Slop fuel oils
334.40-09	Other fuel oils, n.e.s.
334.50-01	Lubricating oils when imported with prior authorization by the Energy Regulatory Board
334.50-02	Lubricating oil, except when imported with prior authorization by the Energy Regulatory Board
334.50-03	Lubricating oil base stock when imported with prior authorization by the Energy Regulatory Board
334.50-04	Lubricating oil base stock, except when imported with prior authorization by the Energy Regulatory Board
334.50-19	Heavy oil preparations, n.e.s. containing not less than 70 percent by weight of petroleum oils or oils obtained from bituminous minerals (other than crude), these oils being the basic constituents of the preparations
344.20-02	Liquefied petroleum gas (LPG)

LIST OF CHEMICALS THE IMPORTATION OF WHICH REQUIRES THE
PRIOR APPROVAL OF THE FNP-FIREARMS & EXPLOSIVES OFFICE---

<u>ESCC CODE</u>	<u>COMMODITY DESCRIPTION</u>
272.20-03	Sodium nitrate
ex522.33-00	"Nitric acid"
ex523.32-00	"Sodium chlorate"
ex523.39-02	"Potassium chlorate"
ex523.39-03	"Sodium perchlorate, ammonium perchlorate and potassium perchlorate"
523.52-00	Potassium nitrate
ex523.59-09	Lead (II) nitrate, copper (II) nitrate, barium nitrate, calcium nitrate, strontium nitrate and cupric nitrate
562.11-00	Ammonium nitrate
ex575.53-01	Nitrocellulose and dinitrocellulose

) Appendix J-D

MOTOR VEHICLES, PARTS AND COMPONENTS, THE IMPORTATION
OF WHICH REQUIRES PRIOR CLEARANCE FROM THE DTI/BOI

<u>FSCC_CODE</u>	<u>COMMODITY DESCRIPTION</u>
ex713.21-13	"Used reciprocating piston engines of a cylinder capacity exceeding 50 cc but not exceeding 250 cc, for tractors"
ex713.21-23	"Used reciprocating piston engines of a cylinder capacity exceeding 250 cc but not exceeding 1,000 cc, for trucks and buses"
ex713.21-25	"Used reciprocating piston engines of a cylinder capacity exceeding 250 cc but not exceeding 1,000 cc, for tractors"
ex713.22-03	"Used reciprocating piston engines of a cylinder capacity exceeding 1,000 cc, for trucks and buses"
ex713.22-05	"Used reciprocating piston engines of a cylinder capacity exceeding 1,000 cc, for tractors"
ex713.23-03	"Used diesel and semi-diesel engines for tractors"
781.20-01	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, new
781.20-02	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, used
781.20-03	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, new
781.20-04	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, used

<u>FSCC CODE</u>	<u>D E S C R I P T I O N</u>
781.20-05	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, new
781.20-06	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, used
781.20-09	Other motor vehicles with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity not exceeding 1,000 cc, for the transport of persons
781.20-11	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc, new
781.20-12	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500cc, used
781.20-13	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc, new
781.20-14	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500cc, used
781.20-15	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc, new
781.20-16	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc, used
781.20-19	Other motor vehicles with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc for the transport of persons

PSCC CODE

D E S C R I P T I O N

781.20-21	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, new
781.20-22	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, used
781.20-23	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, new
781.20-24	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000, used
781.20-25	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, new
781.20-26	Jeeps with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, used
781.20-27	Racing cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, new
781.20-28	Racing cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, used
781.20-29	Other motor vehicles with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc, for the transport of persons
781.20-31	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc, new

FSCC CODE	DESCRIPTION
781.20-32	Passenger cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc, used
781.20-33	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc, new
781.20-34	Station wagons with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc, used
781.20-35	Racing cars with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc
781.20-39	Other motor vehicles with spark ignition internal combustion reciprocating piston engine, of a cylinder capacity exceeding 3,000 cc for the transport of persons
781.20-41	Passenger cars with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, new
781.20-42	Passenger cars with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, used
781.20-43	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, new
781.20-44	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, used
781.20-45	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, new
781.20-46	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity not exceeding 1,500 cc, used

PSCC CODE

DESCRIPTION

781.20-49	Other motor vehicles with compression ignition internal combustion piston engine, not exceeding 1,500 cc, for the transport of persons
781.20-51	Passenger cars with compression ignition internal combustion piston engine of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, new
781.20-52	Passenger cars with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, used
781.20-53	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, used
781.20-54	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, used
781.20-55	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity exceeding, 1,500 cc but not exceeding 2,500 cc, new
781.20-56	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, used
781.20-59	Other motor vehicles with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc, for the transport of persons
781.20-61	Passenger cars with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, new
781.20-62	Passenger cars with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, used

PSCC CODE	DESCRIPTION
781.20-63	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, new
781.20-64	Station wagons with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, used
781.20-65	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, new...
781.20-66	Jeeps with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, used
781.20-69	Other motor vehicles with compression ignition internal combustion piston engine, of a cylinder capacity exceeding 2,500 cc, for the transport of persons
781.20-71	Components, parts and/or accessories imported from one or more countries for assembly of passenger cars by participants in progressive motor vehicle manufacturing program upon prior authorization and certification of the Board of Investments
781.20-72	Components, parts and/or accessories imported from one or more countries for assembly of trucks and similar vehicles designed for the the transport of persons (e.g. AUVs, LCVs), by participants in progressive motor vehicle manufacturing program upon prior authorization and certification of the BOI
781.20-73	Vans principally designed for the transport of persons
781.20-74	"Used ambulances"
781.20-75	"Used hearses"
781.20-79	Other passenger cars (e.g., battery-operated)

PSCC CODE	DESCRIPTION
781.20-89	Motor vehicles for the transport of persons, n.e.s.
ex782.11-00	"Used dumpers (dump trucks) designed for off highway use"
782.19-02	Vans for the transport of goods with compression-ignition combustion piston engine, g.v.w. not exceeding 5 tons, used
782.19-04	Motor vehicles (excluding vans) for the transport of goods, with compression-ignition internal combustion piston engine, g.v.w. not exceeding 5 tons, used
782.19-12	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston engine, g.v.w. exceeding 5 tons but not exceeding 20 tons, used
782.19-22	Motor vehicles for the transport of goods with compression-ignition internal combustion piston engine, g.v.w. exceeding 20 tons, used
782.19-32	Vans for the transport of goods with spark-ignition internal combustion piston engine, g.v.w. not exceeding 5 tons, assembled, used
782.19-34	Motor vehicles (excluding vans) for the transport of goods, with spark-ignition internal combustion piston engine, g.v.w. not exceeding 5 tons, used
782.19-42	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, g.v.w. exceeding 5 tons, used
ex782.21-00	"Used crane lorries"
ex782.23-00	"Used mobile drilling derricks"
ex782.25-00	"Used fire fighting vehicles"
ex782.27-00	"Used concrete-mixer lorries"

PSCC CODE	DESCRIPTION
ex782.29-01	"Used mobile radiological units (e.g., fitted with an examination room, dark room and complete radiological equipment)"
ex782.29-09	"Other used special purpose motor vehicles"
783.11-02	Buses with compression-ignition internal combustion piston engine, used
783.19-02	Buses, other than with compression-ignition internal combustion piston engine, used
ex783.19-09	Other public-transport type passenger motor vehicles other than with compression-ignition internal combustion piston engines, used
ex783.20-00	"Used road tractors for semi-trailers"
ex784.10-00	Chassis fitted with engines, for the motor vehicles of group 781
784.21-00	Bodies (including cabs), for the motor vehicles of group 781
ex784.32-09	Other parts and accessories, n.e.s., of bodies (including cabs) of the motor vehicles of group 781
785.11-00	Motorcycles with reciprocating internal combustion piston engine of a cylinder capacity not exceeding 50 cc, assembled
785.13-00	Motorcycles with reciprocating internal combustion piston engine of a cylinder capacity exceeding 50 cc but not exceeding 250 cc, assembled
785.15-00	Motorcycles with reciprocating internal combustion piston engine of a cylinder capacity exceeding 250 cc but not exceeding 500 cc, assembled
785.16-00	Motorcycles with reciprocating internal combustion piston engine of a cylinder capacity exceeding 500 cc but not exceeding 800 cc, assembled

PSCC CODE	DESCRIPTION
785.17-00	Motorcycles with reciprocating internal combustion piston engine of a cylinder capacity exceeding 800 cc, assembled
785.19-01	Components, parts and/or accessories imported from one or more countries directly by participants in the progressive motorcycle manufacturing program for assembly of motorcycles under prior authorization of the Board of Investments.
785.19-02	Motor scooters
785.19-09	Other motorcycles, n.e.s.
785.35-01	Saddles of motorcycles
785.35-09	Other parts of motorcycles (not including rubber tires, engines, electric parts, completely knocked-down parts, and storage batteries)
785.37-21	Side-car parts
821.12-00	Seats of a kind used for motor vehicles

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APPENDIX 1-E

LIST OF ITEMS THE IMPORTATION OF WHICH REQUIRES
THE PRIOR APPROVAL OF THE CENTRAL BANK OF THE PHILIPPINES

<u>PSCC CODE</u>	<u>COMMODITY DESCRIPTION</u>
699.69-15	Coin blank essentially of steel
699.73-05	Coin blank essentially of copper
699.75-03	Coin blank essentially of nickel
699.77-05	Coin blank essentially of zinc
699.78-04	Coin blank essentially of tin
699.79-05	Coin blank essentially of aluminum
892.83-03	Banknotes
961.00-01	Coin, of precious metal (other than gold coin), not being legal tender
961.00-09	Coin, of non-precious metal, not being legal tender
971.01-05	Coin blanks, essentially of gold

Appendix 1 - F

List of Agricultural Products certified by the Department
of Agriculture as produced locally in sufficient quantity

Corn (and its substitutes, including wheat used for feeds) *

Poultry and Poultry Products

Hogs and Pork Products

Meat and Meat Products, except beef and beef products

* specific list of commodities for corn substitutes
will be supplied by NFA

APPENDIX 2

Prohibited Commodities. These are commodities the importation of which is not allowed under existing laws. They are the following:

- a) Those specifically listed under Section 101 of the Tariff and Customs Code (Appendix 2-A)
- b) Onions, potatoes, garlic and cabbages, except for seedling purposes (R.A. 1296.);
- c) Coffee (R.A. 2712.);
- d) Used clothing and rags (R.A. 4653.);
- e) Toy guns (LOI 1264 dated July 31, 1982.).

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Appendix 2-A

LIST OF PROHIBITED IMPORTATIONS

SEC. 101. Prohibited Importations:

The importation into the Philippines of the following articles is prohibited:

- (a) Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, and parts thereof, except when authorized by law.
- (b) Written or printed articles in any form containing any matter advocating or inciting treason, or rebellion, insurrection, sedition or subversion against the Government of the Philippines, or forcible resistance to any law of the Philippines, or containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines.
- (c) Written or printed articles, negatives or cinematographic film, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character.
- (d) Articles, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises or describes or gives directly or indirectly information where, how or by whom unlawful abortion is produced.
- (e) Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other articles when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof.
- (f) Lottery and sweepstakes tickets except those authorized by the Philippine Government, advertisements thereof, and lists of drawings therein.
- (g) Any article manufactured in whole or in part of gold, silver or other precious metals or alloys thereof, the stamps, brands or marks or which do not indicate the actual fineness of quality of said metals or alloys.
- (h) Any adulterated or misbranded articles of food or any adulterated or misbranded drug in violation of the provisions of the "Food and Drugs Act".

- (i) Marijuana, opium, poppies, coca leaves, heroin or any other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the Government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes only.
- (j) Opium pipes and parts thereof, of whatever material.
- (k) All other articles and parts thereof, the importation of which is prohibited by law or rules and regulations issued by competent authority. (As amended by Presidential Decree No. 34)

LIST OF PROHIBITED IMPORTATIONS

SEC. 101. Prohibited Importations:

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- (a) Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, and parts thereof, except when authorized by law.
- (b) Written or printed articles in any form containing any matter advocating or inciting treason, or rebellion, insurrection, sedition or subversion against the Government of the Philippines, or forcible resistance to any law of the Philippines, or containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines.
- (c) Written or printed articles, negatives or cinematographic film, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character.
- (d) Articles, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises or describes or gives directly or indirectly information where, how or by whom unlawful abortion is produced.
- (e) Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other articles when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof.
- (f) Lottery and sweepstakes tickets except those authorized by the Philippine Government, advertisements thereof, and lists of drawings therein.
- (g) Any article manufactured in whole or in part of gold, silver or other precious metals or alloys thereof, the stamps, brands or marks of which do not indicate the actual fineness or quality of said metals or alloys.
- (h) Any adulterated or misbranded articles of food or any adulterated or misbranded drug in violation of the provisions of the "Food and Drugs Act".

- (i) Marijuana, opium, poppies, coca leaves, heroin or any other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the Government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes only.
- (j) Opium pipes and parts thereof, of whatever material.
- (k) All other articles and parts thereof, the importation of which is prohibited by law or rules and regulations issued by competent authority. (As amended by Presidential Decree No. 34)

APPENDIX 3

Reporting and Registration Requirement for D/A-O/A Imports

1. AAEs shall report the availments by importers of the D/A-O/A facility in the prescribed IOS Form 1 Schedule 15 together with the duly accomplished RGI, copy of the CERC, shipping documents including commercial invoice and copy of the CRF if applicable. Submission shall be within two (2) banking days after issuance of CERC.
2. AAEs shall consider the D/A-O/A importation reported as registered only upon receipt of advice from the CB giving the assigned registration number.
3. AAEs shall not service the foreign exchange requirements upon maturity of any DA/-O/A obligation that was not duly registered as prescribed herein.
4. AAEs shall report repayments of the D/A-O/A obligations effected in the prescribed IOS Form No. 1 Schedule 16 indicating in the first column thereof the registration number assigned in addition to the RGI Account Reference Number.
5. AAEs shall enjoin importers making use of the D/A-O/A facility to present drafts, shipping documents and RGIs as early as possible. Corollarily, AAEs shall discourage presentation of drafts only upon maturity date.



Republic of the Philippines
DEPARTMENT OF FINANCE
Manila

JOINT ORDER NO. 1-91

In compliance with Memorandum Order No. 391 dated September 2, 1991 the Secretary of Finance, the Secretary of Trade and Industry and Governor of the Central Bank of the Philippines hereby promulgate this Joint Order for the implementation of the Comprehensive Import Supervision Service:

1. Importation of goods may be effected by a Letter of Credit (L/C) or without the use of an L/C as provided by existing laws, circulars, rules and regulations.
2. Except as otherwise provided for herein, goods destined for importation into the Philippines from all countries of supply shall be subject to inspection by SGS, being the inspector duly authorized by Government in the countries of supply, as to the quality, quantity, price/dutiable value, verification of Tariff and Customs code classification and verification of Tariff rate, prior to shipment to the Philippines, under a Comprehensive Import Supervision Service.

The Government of the Philippines may require SGS to conduct pre-shipment inspection on goods otherwise exempt from pre-shipment inspection under paragraph 3 below in which case such inspections shall be conducted as provided under the terms of the Agreement between the Government and SGS. SGS will cooperate with Philippine Government officials designated by the Government through the Bureau of Customs, or otherwise, to witness the inspections performed subject to legal restrictions in the host country which prevent said officials being present at such inspections.

The import of these goods into the Philippine customs territory is only permitted with an inspection report called a "Clean Report of Findings" (CRF) issued by SGS.

3. The following importations of goods are exempt from the requirement of inspection:
 - a. goods imported pursuant to Section 105 of the Tariff and Customs Code of the Philippines but not including commercial imports under consignment basis.
 - b. crude oil and petroleum products in bulk such as but not limited to crude oil, LPG, Naptha Gasolines, Reformates, Kerosenes, Aviation fuels, Gas Oil, Base Oil for lubricants, Fuel Oils, Asphalt - all in bulk but not including chemicals and their products, petroleum additives and lubricating oils.
 - c. shipments of explosives, ammunition, arms and equipment and other strategic materials certified as such by the

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Department of National Defense but not including raw materials such as chemicals for the manufacture of explosives, and firearms and ammunition for commercial use.

- d. precious stones, artifacts and precious metals.
- e. fresh, frozen or chilled foodstuffs and fruits, live animals, works of art, current newspapers, periodicals, individually owned motor vehicles and parcel post.
- f. goods the FOB value of which as declared in letter of credit is less than US\$500 FOB or its equivalent in other currencies at the time of L/C opening but not including part shipments invoiced at less than US\$500 f.o.b. against a Letter of Credit the value of which exceeds US\$500 f.o.b. In the case of goods financed by means other than a Letter of Credit, goods where the value of the invoice covering the shipment is less than US\$500 or its equivalent in other currencies at the time that the authority for such importation was granted by the Central Bank of the Philippines.

The exemption provided for in this paragraph will not apply to goods invoiced or declared in the shipping documents as off-quality under such descriptive terms as stock-lots, side-runs, cull rolls, seconds, mill lots, scraps, off-grade, reconditioned, used, junk or similar terms conveying or purporting to convey the condition of the article as sub-standard or off-grade and not of prime quality.

- g. importations into the Philippines where the consignee is either the Government of the Philippines or any of its corporations, agencies and instrumentalities, but not including goods imported on behalf of these entities by private importers.
- h. importations of semi-conductor and allied enterprises.
 - i. importations by export processing zone enterprises duly registered as such with the Export Processing Zone Authority.
 - j. importations of equipment, machinery, spare parts and other materials for oil, coal mining and geothermal operations imported by petroleum, geothermal and coal service contractors pursuant to P.D. Nos. 87,529, 972 and 1442 as certified by the Office of Energy Affairs.
- k. importation by member-firms of the automotive wiring harness industry.
 - l. importations of pre-cut fabrics and accessories for processing into finished garment and textile products for export by firms which have been engaged in the garment and textile exports for the last five (5) years, subject, however, to the following conditions: (1) the firm and/or any of its officers have not violated any rules and regulations of the GTEB, CB, and BOC governing import/export operations during this five year period nor have any pending case whether administrative or judicial regarding the conduct of importation of its raw material; (2) the firm must not be delinquent in the liquidation of imported raw materials; (3) the said pre-cut fabrics and accessories are directly used in the manufacture of the products to be exported; and (4) the firm must present an exemption certificate issued by the Ad Hoc Committee on the CISS thru the Garments and Textile Export P. rd.

4. Importations into the Philippines which are subject to SGS pre-shipment inspection under the provisions of this Joint Order, may be subject to further examination and appraisal by Bureau of Customs at the discretion of the Collector. The CRF shall be considered recommendatory in nature with regard to the Tariff and Customs Code Classification. However, except where the value in the invoice or the published value is higher, the dutiable value reported in the Clean Report of Findings shall be the basis for the assessment of duties and taxes.
5. The inspection to be conducted under the Comprehensive Import Supervision Service shall consist of:-
 - a. Inspection and Price verification:-
 - inspection of quality;
 - inspection of quantity;
 - price verification;
 - determination of dutiable value as defined by paragraph 1 of Section 201 of the Tariff, and Customs Code;
 - verification of freight charges in accordance with customs rules and regulations;
 - verification of Tariff and Customs Code Classification of Tariff rate.
 - b. Reporting to the Government of undervaluation, overinvoicing commissions and similar fees.
6. Procedures for importations effected through the opening of an L/C:
 - a. The Importer shall apply for the L/C to the Opening Bank. The L/C application shall state the type, quality, quantity, unit price and total value, freight charges, country of supply and PSOC Code number of the goods. The L/C opened by the Opening Bank shall include the following additional conditions:
 - the import of the goods concerned shall be subject to inspection by SGS prior to shipment;
 - the importer shall inform the recipient of the L/C in writing or by telex that the goods are subject to pre-shipment inspection;
 - the recipient of the L/C shall be responsible for facilitating the smooth inspection of the goods by SGS;
 - the Bank shall only make payment upon submission of the Seller's final settlement invoice and a confirmation by SGS, its affiliates or agents of the number and date of the corresponding Clean

Report of Findings (CRF):

The L/C should be opened not later than ten (10) days prior to the scheduled date of shipment:

- b. Upon issuance of the L/C, the Importer shall complete the Import Entry Declaration (IED) stating the tariff heading, import duty charges due on the shipment and shall pay the estimated advance customs duties due to the Opening Bank. Where an importation has been exempted from payment of advance duties the importer shall furnish the Opening Bank with a letter of exemption from the authorized government agency;
- c. The Opening Bank shall issue the Customs Official Receipt to the Importer; prepare copies of the L/C, Seller's proforma invoice and the IED for collection by the SGS Manila Liaison Office (Liaison Office) together with a copy of any authority exempting the importation from duty and/or taxes and in the case of regulated imports, the authority for their importation issued by the responsible agency;
- d. The Liaison Office shall register the L/C and the IED and issue an Import Advice Note (IAN) with an assigned number. One copy of the IAN shall be sent to the Importer and another transmitted to the SGS inspection office (Inspection Office) in the country of sale and country of supply;
- e. The Inspection Offices shall send an advice of inspection requirement to the shipper/consignor/seller (Seller) of the goods;
- f. The Seller of the goods shall advise the Inspection Office of the date and place of inspection and send the documentation to the Inspection Office giving at least seven (7) days advance notice. In exceptional circumstances, the seller may request the Inspection Office to perform an inspection prior to the receipt by the Inspection Office of the IAN. However, no CRF can be issued until the IAN has been received by the Inspection Office;
- g. The Inspection Office shall perform the physical inspection; verify the declared tariff heading (HS No.) and tariff rate; verify that the invoice value and other elements of the total amount charged by the supplier correspond within reasonable limits of the export market price level generally prevailing in the country of supply, or where applicable, the world market; determine the dutiable value, and, if warranted issue a CRF. The CRF shall indicate the acceptable value which shall be determined on the basis of the criteria set forth in Paragraph 1 of Section 201

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of the Tariff and Customs Code. The issuance of a CRF will not be warranted where:-

- uncorrected discrepancies in quality or quantity are not accepted by the importer or in the case of regulated commodities no authority issued by the responsible agency has been presented.

- in the case of commodities included in the certified list of the Monetary Board, the seller is unable to justify a total invoiced amount which unreasonably exceeds, in the opinion of SGS the export market price level generally prevailing in the country of supply.

h. The Seller shall present its final settlement invoice and a confirmation by SGS, its affiliates or agents of the number and date of the corresponding Clean Report of Findings (CRF) to the advising/corresponding (A/C) bank which will send documents and the final settlement invoice to the Opening Bank.

i. The Opening Bank shall advise the importer of the arrival of the documents and the Importer shall collect the documents together with an authenticated customs copy of the CRF supplied to the Opening Bank direct from the Liaison Office;

j. The Importer/Importer's Broker will prepare the Import Entry from the authenticated customs copy of the CRF with the additional duties, if any, and taxes due and will prepare the pro-forma Order of Payment. The importer will then present to the Bureau of Customs the normal documents required for clearance together with the authenticated customs copy of the CRF;

k. The Bureau of Customs shall verify the documents and calculate the difference between the deposit paid and duties due as well as the compensating/advance sales tax due and issue the Order of Payment to the Importer;

l. The Importer shall present the Order of Payment to the Opening Bank and pay the balance of duties and taxes due;

m. The Opening Bank shall issue to the Importer the Central Bank Release Certificate and Customs Official Receipt and send a copy of the Order of Payment to the Liaison Office;

n. The Importer/Importer's Broker shall present to the Bureau of Customs the original customs copy of the CRF authenticated by the Liaison Office together with the other documents required for clearance; the Bureau of Customs shall issue the Delivery Permit for

the release of the goods and retain the authenticated customs copy of the CRF;

- a. The Liaison Office shall transmit to the Bureau of Customs details of the CRF for verification purposes not later than the day following its receipt from the SGS issuing office abroad.

7. Procedures for importations effected without the Letter of Credit (Open Account (OA); Documents Against Acceptance (DA); No-Dollar Import arrangements and importations on consignment.): -

- a. The Importer shall submit written details of his proposed importations together with the Seller's proforma invoice to the Central Bank or to the GTEB (in the case of goods regulated by the GTEB) indicating:

- The bank and branch which will receive the CRF;
- Importer's name and address; telex/telephone
- Importer's Tax Account Code;
- Currency of transaction;
- Value of goods to be imported and unit price;
- Country of supply if different from that of Seller;
- Name and address of seller; telex/telephone;
- Type, quantity and quality of goods;
- Freight charges and compensating/advance sales tax due on shipment;
- PSCC and HS code of goods to be imported;
- A copy of any authority from the authorized Government agency exempting the importation from duties and/or taxes.

The details should be submitted not later than ten (10) days prior to the scheduled date of shipment. The Importer shall instruct the seller to arrange for inspection by SGS and advise the Seller of his responsibility to facilitate smooth inspection by the inspector. All contracts must stipulate the requirement of pre-shipment inspection as provided by Paragraph 2 of this Joint Order and that the seller's final settlement invoice bearing a confirmation by SGS, its affiliates or agents of the number and date of the corresponding Clean Report of Findings (CRF) shall be a document necessary to support the negotiation of Bills of Exchange, etc.

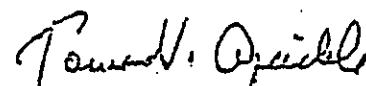
- b. The Liaison Office shall collect the information mentioned Paragraph 7a above from the Central Bank or GTEB (in the case of commodities regulated by the GTEB) and issue an IAN with an assigned number. One copy of the IAN shall be sent to the Importer and another transmitted to the Inspection Office in the country of sale and country of supply.

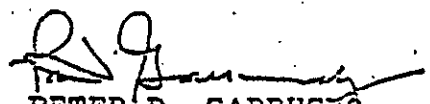
- c. The Inspection Office shall send an advice of inspection requirement to the Seller;
- d. The Seller of the goods shall advise the Inspection Office of the date and place of inspection and send the documentation to the Inspection Office giving at least seven (7) days advance notice. In exceptional circumstances, the seller may request the Inspection Office to perform an inspection prior to the receipt by the Inspection Office of the IAN. However, no CRF can be issued until the IAN has been received by the Inspection Office;
- e. The Inspection Office shall perform the physical inspection; verify the declared tariff heading (HS No.) and tariff rate; verify that the invoice value and other elements of the total amount charged by the supplier correspond within reasonable limits of the export market price level generally prevailing in the country of supply, or where applicable, the world market; determine the dutiable value, and, if warranted, issue a CRF. The CRF shall indicate the acceptable dutiable value which shall be determined on the basis of the criteria set forth in Paragraph 1 of Section 201 of the Tariff and Customs Code. The issuance of a CRF will not be warranted where:-
 - uncorrected discrepancies in quality or quantity are not accepted by the importer or in the case of regulated commodities no authority issued by the responsible agency has been presented.
 - in the case of commodities included in the certified list of the Monetary Board, the seller is unable to justify a total invoiced amount which unreasonably exceeds, in the opinion of SGS the export market price level generally prevailing in the country of supply.
- f. The Liaison Office will transmit the authenticated customs copy of the CRF to the bank nominated by the importer or to the GTEB (in the case of commodities regulated by the GTEB).
- g. The Importer/Importer's Broker will prepare the Import Entry Declaration from the authenticated customs copy of the CRF with the additional duties, if any, and taxes due and will prepare the pro-forma Order of Payment. The importer will then present to the Bureau of Customs the normal documents required for the clearance together with the authenticated customs copy of the CRF;
- h. The Bureau of Customs shall verify the documents and

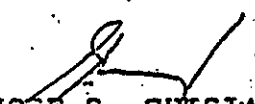
calculate the difference between the deposit paid and duties due as well as the compensating/advance ~~tax~~ tax due and issue the Order of Payment to the Importer;

- i. The Importer shall present the Order of Payment to the Importer's Bank and pay the balance of duties and taxes due;
 - k. The Importer's Bank shall issue to the Importer the Central Bank Release Certificate and Customs Receipt and send a copy of the Order of Payment to the Liaison Office;
 - l. The Importer/Importer's Broker shall present to the Bureau of Customs the original customs copy of the CRF authenticated by the Liaison Office together with the other documents required for clearance; the Bureau of Customs shall verify the documents and issue the Delivery Permit for the release of the goods, retaining the authenticated customs copy of the CRF.
 8. The Seller is bound to provide all necessary facilities so that the Inspection Office can carry out the quality and quantity inspection, price/HCV comparison, verification of Tariff and Customs Code classification and verification of Tariff rate and conduct all such test, analysis, etc., as may be required.
 9. The Seller shall make the necessary arrangements for handling, presentation, sampling, shop testing, etc., of the goods for the purpose of inspection, and any expenses incurred therefore shall be for the account of the Seller.
 10. The Seller, as a pre-condition to the issuance of a Report of Findings, shall submit to the Inspection Office a copy of his final settlement invoice covering the goods. A Report of Findings may be issued in the absence of the seller's final settlement invoice only where both seller and importer have jointly signed a Release, Waiver and Quitclaim and have submitted the same to the Inspection Office.
- The Seller is furthermore warned that pre-shipment inspection of the goods is not intended to relieve him of his contractual obligations to the buyer.
12. No Customs Entry shall be filed or accepted or any shipment released in respect of any goods which require a CRF as provided for by this Joint Order where the Importer is unable to produce to the Bureau of Customs the authenticated customs copy of the CRF. With or without fault on the part of the importer, such goods shall be subject to automatic seizure by the Bureau of Customs. The Seller is therefore warned against the shipment of goods which have not been inspected or for which a CRF has not been issued.

13. All questions concerning the findings/reports of SGS on value and classification and other related matters such as but not limited to shipments effected without the required pre-shipment inspection shall be referred to the Bureau of Customs-SGS. Import Valuation and Classification Committee under the office of the Commissioner of Customs.
14. The issuance of a CRF is conclusive only as to the fact that pre-shipment inspection was conducted pursuant to this Joint Order. Neither such issuance nor the CRF itself relieves the importer from compliance with all laws, rules and regulations pertaining to the import of goods, or constitutes proof of such compliance.
15. The provisions of this Joint Order shall apply in the case of goods financed by Philippine Letters of Credit to all goods where the Letter of Credit is opened on or after the date of effectivity of this Joint Order. Goods financed by Philippine Letters of Credit opened prior to the date of effectivity of this Joint Order shall be exempt from the pre-shipment inspection requirement except in cases where the Letter of Credit is amended after the date of effectivity or except for those goods subject to pre-shipment inspection under the provisions of Joint Order 1-87. Goods financed by means other than a Philippine Letter of Credit shall be subject to the provisions of this Joint Order where the date shown on the Bill of Lading or Airwaybill is on or after the date of effectivity of this Joint Order.
16. This Joint Order shall upon its date of effectivity supersede Joint Order 1-87.
17. The date of effectivity of this Joint Order shall be set by an official Memorandum of the Central Bank of the Philippines.


THOMAS V. APACIBLE
Acting Secretary of Finance


PETER D. GARRUCHO
Secretary of Trade and Industry


JOSE S. CUISIA
Governor
Central Bank of the Phils.

PRODUCTS REQUIRING PRIOR EXPORT APPROVAL/PERMIT FROM RELEVANT GOVERNMENT AGENCIES

Prohibited*	Regulated	Office/Agency
	1. Garments and textiles, carpets, polyester staple fiber, filament yarns, fabrics, upholstered furniture and other natural and synthetic fibers and all products made up in whole or in part of these fiber for export to all countries with or without quota	Garments and Textile Board (GTB)
	2. Copper concentrates	Board of Investments
1. Buri seeds and seedlings	3. All plants, planting materials and plant products capable of harboring pests, insect specimens, live and dead	Bureau of Plant Industry (BPI)
	4. Animals, animal products and animal effects	Bureau of Animal Industry (BAI)
	5. Sugar and Molasses	Sugar Regulatory Administration (SRA)
	6. Coffee	International Coffee Organization Certifying Agency (ICO-CA)-DTI
2. Abaca and Rami Seeds, Seedlings, Cuttings and Root Stocks and Other Planting materials	7. Natural fibers: abaca, ramie, salago, manila, sisal, kenaf, coir, buntal, cabo negro, cotton, kapok, sabahan, pina, banana fiber silk, loofah, pacol, musa species, RFA (secondary abaca fiber), canton, raffia tikog and cocoon	Fiber Industry Development Authority (FIDA)
	8. Aircraft	Department of Transportation and Communication (DOTC)
	9. Antiques, cultural artifacts and historical relics	National Museum

* These products are prohibited for export under existing policies of the government offices except for scientific or testing purposes.

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Prohibited	Regulated	Office/Agency
3. Bakawan (mangrove)	10. Logs, poles and piles including log core and flitches/railroad ties	Forest Management Bureau (FMB), DENR
	11. Lumber	-do-
4. Bangus Fry		Bureau of Fisheries and Aquatic Resources (BFAR)
5. Mother Bangus (sabalo)		-do-
6. Fawn-Spawner and Fry		-do-
7. Shell:	12. Shell:	-do-
Trumpet shells (Triton); Helmet shells (cassis); Raw shells and their by-products including meat of giant clams (Tridacna gigas, T. derasa, T. squamosa, T. maxima, Hippopus porcellaneus, H. hippopus)	Undersized raw shells of Trocas, Gold lip, Black lip, Turbo marmoratus and kapis Tridacna crocea	-do-
8. Wildlife species:	13. Wildlife species:	-do-
a. Wild marine species e.g.: Precious, semi-precious and all ordinary corals, raw and by-products	a. Wild marine species, e.g.: Water snakes (carberus rynchops); Seasnakes; frogs; live skin or products from the skin or meat	
b. Wild terrestrial species whether live, stuffed or by-products, e.g.:	b. Wild Terrestrial Species, e.g.:	Protected Areas and Wildlife Bureau (PAWB)
b.1. Mammals (i.e., tamarau, tarsier, deers, sea cow, fruit bats)	b.1. Mammals (i.e., Philippine Monkeys, cloud-rats)	
b.2. Aves (i.e., eagles, retent cockatoo, Palawan peacock pheasant, Palawan myna, horn bills, nicobal pigeon, Mindoro imperial pigeon)	b.2. Aves (i.e., bleeding heart pigeons, java sparrows, tree sparrow, parrot finches, Phil. white-eye, Phil. starlings, hanging parakeets, brush cuckoo, plaintive cuckoo, amethyst fruit doves, turtle doves, asbra doves, blue-tailed bee-eater, chestnut headed bee-eater, crested mynah, pink-necked green pigeon.	
b.3. Reptile (i.e., crocodiles, marine turtles, pythons)		

Prohibited

Regulated

Office/Agency

- b.4. Flora (i.e., lady's slipper orchid, vanda sanderiana, pithier plant)

quail, banded rail, plain swamphen, green-winged dove, slender-billed cuckoo, white-eared brown dove, buff-breasted black-naped oriole, black-naped monarch, (and anadavat)

- b.3. Reptiles (i.e., gecko, monitor lizard, land turtles)

- b.4. Flora (i.e., tree ferns, cycas plant, all species of orchids, aloe plant, sander alocasia, striped alocasia, volavoi, lungang ipod)

- b.5. All species of butterflies

14. Cement and clinker

Board of Investments

15. Firearms, ammunition and explosives

Firearms and Explosives Office, PNP, DILG

16. Gold from small-scale mining/panned gold.

Central Bank of the Philippines

17. Legal tender Philippine notes, coins, checks, money orders and other bills of exchange greater than P5,000.00

-do-

18. Grains and grain by-products

National Food Authority (NFA)

9. Cured coconuts and coconut seedlings

Philippine Coconut Authority (PCA)

19. Oil and petroleum products

Energy Regulatory Board (ERB)

10. Raw materials for cottage industries: bamboo, buri fibers, monkey pod (acacia, rattan (including poles), semi-finished or semi-processed capiz shells

Department of Trade and Industry Regional and Domestic Group

Prohibited:

Regulated

Office/Agency

11. Stalactites and stalagmites

Department of Environment and Natural Resources (DENR)

20. Motion pictures/television films and related publicity materials

Movie and Television Review and Classification Board (MTRCB)

21. Radioactive materials

Philippine Nuclear Research Institute

22. All products destined to the Republic of South Africa

Philippine International Trading Corporation (PITC)

23. All exports to socialist and centrally-planned economy countries (Peoples Republic of China, Albania, Socialist Republic of Vietnam, Lao Peoples Democratic Republic, Ethiopia, Mozambique, Angola, Mongolia People's Republic, Democratic Republic of Korea (North Korea), Nicaragua, Libya, Myanmar)

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NOTE: This list may be amended from time to time based on decisions taken by the inter-agency committee created under Executive Order No. 1016 dated March 25, 1985.

Appendix 6

GUIDELINES ON CODING AND NUMBERING SYSTEM FOR EXPORT DECLARATIONS

1. Exporters shall indicate in the Export Declaration the appropriate commodity code/s of the item/s to be exported based on the Philippine Standard Commodity Classification Manual published by the National Economic Development Authority (please consult the Central Bank-Export Department, Tel. No. 50-68-92, for the commodity code/s).
2. AAEs shall adopt the numbering system for Export Declarations (EDs) outlined hereunder including the prefix alphabet assigned to each authorized agent bank:
 - a. The code for EDs shall consist of the following fourteen (14) elements:

<u>SYMBOL</u>	<u>MEANING/PURPOSE</u>
a1.) Prefix letters (see c. herein)	- Name of issuing bank
a2.) 000 digits	- Head Office
a3.) 001 to 999 digits	- Branch Office
a4.) (/) sign	- Shall separate the type of document from year of issue
a5.) Last two digits of the year i.e., 90, 91, 92, etc.	- Year of Issue
a6.) 00001 to 99999 digits	- Number of Sequence

- b. The code for the type of document shall follow the code for the Head Office or Branch Office. The codes for the different types of documents are:

<u>Type of Document</u>	<u>Code</u>
b1. <u>With Foreign Exchange Proceeds</u>	
- issued to BOI- registered firms	B
- issued to EPZA- registered firms	Z
- issued to other firms	X
b2. <u>Without Foreign Exchange Proceeds</u>	N

c. Code number of AABs to be used:

<u>Name of Bank</u>	<u>Code</u>
1) Allied Banking Corporation	AA
2) Associated Bank	AB
3) Asian Bank Corporation	AC
4) Bank of America, NT & SA	BA
5) Bank of Philippine Islands	BB
6) Bank of Commerce	BC
7) China Banking Corporation	CA
8) Citibank, N.A.	CB
9) Citytrust Banking Corporation	CC
10) Equitable Banking Corporation	EE
11) Far East Bank & Trust Company	FA
12) Hongkong & Shanghai Banking Corporation	HA
13) International Corporate Bank	IA
14) Land Bank of the Philippines	LA
15) Metropolitan Bank & Trust Company	MA
16) Philippine Bank of Communications	PA
17) Philippine Banking Corporation	PB
18) Philippine Commercial & Int'l Bank	PC
19) Philippine National Bank	PD
20) Philippine Trust Company	PE
21) Pilipinas Bank	PF
22) Producers Bank of the Philippines	PG
23) Prudential Bank	PH
24) Republic Planters Bank	RA
25) Rizal Commercial Banking Corp.	RB
26) Security Bank & Trust Company	SB
27) Solidbank Corporation	SC
28) Standard Chartered Bank	SD
29) Traders Royal Bank	TA
30) Union Bank of the Philippines	UB
31) United Coconut Planters Bank	UC
32) Urban Bank	UD

d. Examples:

d1. The number AA001B/92 0001 stands for the first Export Declaration (With Foreign Exchange Proceeds) issued by Allied Banking Corporation, Quiapo Branch in 1992 to a BOI-registered firm; and

d2. The number AA000N/92 00001 stands for the first Export Declaration (Without Foreign Exchange Proceeds) issued by Allied Banking Corporation, Head Office in 1992.

3. In the event that the bank cannot identify the Export Declaration number of the particular transaction being paid at the time the foreign exchange is received, a dummy number may be used by indicating the letter "D" as the code for the type of document and using the sequence number mentioned in 2a above. The sequence number shall begin with 001 every month.

a. When using a dummy number in reporting an export payment, it is assumed that negotiation has already been reported in IOS Form 1, Schedule 10 (Schedule on Export Negotiations) by the bank. For easy identification, IOS Form 1, Schedule 10 shall be used for transactions with dummy numbers under a separate heading called "Export Proceeds with Dummy Numbers".

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b. At the end of each month, a computer print-out summarizing the above transactions shall be prepared by the Central Bank Export Department which shall be forwarded to the AABs for them to indicate the correct ED No. of each transaction. The same shall be returned to the Central Bank Export Department within fifteen (15) banking days from receipt of the print-out.

c. Example:

ED AA001D/9200001*stands for the first Dummy Number (Export Declaration With Foreign Exchange Proceeds) used by the Allied Banking Corporation, Quiapo Branch in 1992 to replace the ED number previously issued to a BOI-registered firm.

GUIDELINES ON PAYMENT OF EXPORTS

1. For prepaid shipment, the AAB shall simultaneously certify to the negotiation and payment thereof.
2. In case where the reporting bank cannot identify the ED Number of the particular transaction being paid at the time the foreign exchange is received, a dummy number may be used by the AAB. For easy identification, AABs reporting such transaction/s to Central Bank under said Daily Report, should place the same under a separate heading called "Export Proceeds with Dummy Numbers".
3. In the case where one AAB handles the export negotiations but the corresponding payments are received through another AAB:
 - a. The report on the export negotiations shall be submitted by the negotiating bank to the Central Bank together with the negotiated copy of the ED and other supporting documents;
 - b. The receiving AAB shall issue a certification of the receipt of payment to the negotiating bank within twenty-four (24) hours from receipt thereof; and
 - c. The negotiating bank shall report payment in the Schedule of Export Proceeds Received, to the Central Bank together with the certification of the receiving bank of export proceeds received.
4. Liquidation statements of undrawn balances on export with initial drawings of less than 100% of invoice value

(partially paid exports) shall be stamped by the negotiating AAB with a certification of payment for the net proceeds received on the face thereof in the form illustrated below, and payment thereof reported in the said Daily Report on Export Proceeds Received:

We hereby certify that payment under this liquidation statement has been received, as follows:

Name of Authorized Agent Bank

Position of Signing Officer..

APPENDIX 8

DOCUMENTS TO BE SUBMITTED BY PRIVATE SECTOR BORROWERS
UNDER THE REVOLVING TRADE FACILITY (RTF)

The borrower shall submit to MEDD -

- A. Within five (5) banking days prior to drawdown date:
 1. A notification of its intention to borrow citing the amount of the loan and proof of the creditor's consent;
 2. A notarized undertaking to the effect that:
 - a. The loan shall be used exclusively to finance eligible trade transactions;
 - b. The borrower consents to the Central Bank examination of the specific deposit account with their respective authorized agent banks wherein the loan proceeds shall be deposited to determine utilization thereof; and
 - c. It is fully aware of the attendant responsibilities as a borrower under the RTF as well as the right of the Central Bank to examine its books of accounts and to impose appropriate sanctions for any misrepresentations and/or misapplication of loan proceeds.
 3. The company profile which shall include the following documents, if not yet previously submitted/on-file with the Central Bank:

- a. Articles of Incorporation and Certificate of Registration with the Securities and Exchange Commission;
- b. Capital structure showing the amounts and percentages of equity participation by nationality, together with list of members of the Board of Directors and principal officers/stockholders with respective shares in the equity of the firm, citizenship and resident status;
- c. Certificate of Registration with the Board of Investments and other government agencies, if any; and
- d. Latest audited financial statements and, interim financial statements if the former is six months old at the time of loan application; and
- e. Certification from an independent auditor as to the status of the company's RTF loans, if any;

4. The relevant loan agreement or alternative document/s evidencing the borrower/s acceptance of the loan offer and the terms and conditions therefor, as well as the security/collateral for the same, if any.

5. Certification from an independent auditor as to the status of the company's RTF loans, if any.

B. Within three (3) banking days after end of reference week, weekly report on status of short-term foreign loans (ST-2) obtained.

APPENDIX 9

PARIS CLUB MEMBERS/CREDITORS

- | | | | |
|-----|----------------|---|--|
| 1. | AUSTRALIA | - | Export Finance & Insurance Corp. (EFIC) |
| 2. | AUSTRIA | - | (a) Oesterreichische Kontrollbank AG (OeKB)
(b) Bank für Arbeit und Wirtschaft AG (BAWAG) |
| 3. | BELGIUM | - | Office Nationale du Ducroire (OND) |
| 4. | CANADA | - | Export Development Corporation (EDC)
Canadian International Development Agency (CIDA) |
| 5. | DENMARK | - | Eksportkreditraadet (EKR) |
| 6. | FINLAND | - | Valtiontakuu keskus/Export Guarantees Board of Finland (VTL) |
| 7. | FRANCE | - | (a) Banque de France
(b) Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) |
| 8. | GERMANY | - | (a) Hermes Kreditversicherungs AG (HERMES)
(b) Kreditanstalt für Wiederaufbau (KfW) |
| 9. | ITALY | - | Sezione Speciale Per L'Assicurazione del Credito All'Esportazione (SACE) |
| 10. | JAPAN | - | (a) Overseas Economic Cooperation Fund (OECF)
(b) Export-Import Bank of Japan
(c) Ministry of International Trade and Industry (MITI) |
| 11. | NETHERLANDS | - | Nederlandsche Credietverzekering Maatschappij (NCM) |
| 12. | SPAIN | - | (a) Compania Espanola de Seguros de Credito a la Exportacion S.A. (CESCE)
(b) Instituto de Credito Oficial (ICO) |
| 13. | SWITZERLAND | - | Union Bank of Switzerland |
| 14. | UNITED KINGDOM | - | Export Credit Guarantees Department (ECGD) |
| 15. | UNITED STATES | - | (a) U. S. Eximbank
(b) U. S. Agency for International Development (USAID)
(c) U. S. Commodity Credit Corporation (USCCC)
(d) U. S. Department of Agriculture (PL 480)
(e) Federal Financing Bank (FMS Credits) |

FOREIGN INVESTMENTS - REGISTRATION PROCEDURE

1. Direct Foreign Equity Investments

Direct foreign equity investments which under existing laws have to be registered with the Securities and Exchange Commission (SEC) or Bureau of Trade Regulation and Consumer Protection (BTRCP) shall be extended Central Bank Registration Document (CBRD) upon the endorsement by either agency concerned without need on the part of the foreign investor/applicant to submit supporting documents to Central Bank.

Direct foreign equity investments not required by law to be registered with SEC/BTRCP shall be registered directly with the Central Bank. The following are the procedures for registration and the requisite supporting documents:

a. For Cash Investment

The application in the prescribed form shall be filed directly with Central Bank together with the following supporting documents:

- 1) Credit advice or bank certification signed by an officer of the department/unit concerned with the rank of Assistant Vice President (AVP) showing the amount of foreign exchange inwardly remitted and converted to pesos thru a commercial bank; and

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- 2) Sworn certification of the officer of the investee firm concerned attesting to the number of shares and amount paid for the investment.

b. For Investment in kind

The application shall be filed directly with Central Bank together with the following supporting documents:

- 1) Shipping documents;
- 2) SGS Clean Report of Findings; and
- 3) Sworn certification of the officer of the investee firm concerned attesting to the number of shares and amount paid for the investment.

c. For investments in financial institutions which are governed and regulated by the Central Bank.

Central Bank Supervision and Examination Sector clearance shall be required in addition to the abovementioned supporting documents.

d. Registration as foreign investments of capitalized oil/geothermal exploration expenditures.

The application for registration shall be filed directly with Central Bank together with the following supporting documents:

- 1) Government-approved service contract; and
- 2) Copy of the Office of Energy Affairs (OEA) letter-validation of expenditures showing, among others, the distribution of validated

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expenditures among the partners under the service contract.

2. Foreign Investment in Government/ Listed Securities

Custodian banks designated by the foreign investors are authorized to issue on behalf of the Central Bank, Central Bank Registration Document (CBRD) for foreign investments in listed/government securities. The duplicate copy and one extra copy of the new CBRDs issued by custodian banks together with the requisite supporting documents enumerated in this Appendix shall be submitted to Central Bank within two (2) banking days from date of registration, for post audit. The original copy of the CBRD shall be under the custody of the issuing custodian bank and the triplicate and quadruplicate copies shall be given to the stock broker who shall deliver the quadruplicate copy to the Stock Transfer Agent.

On the other hand, investments of foreign investors without custodian banks, shall be registered directly by Central Bank. The original copy of the CBRD issued by Central Bank upon application of the buying stock broker shall be under the custody of the latter who shall be considered the custodian stock broker. The quadruplicate copy shall likewise be delivered by the custodian stock broker to the Stock Transfer Agent. The application for registration shall be supported with the following documents:

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a. For new investments:

- 1) Purchase invoice, or subscription agreement and/or proof of listing in the local stock exchange for new/additional issues/stock rights; and
- 2) Credit advice or bank certification signed by an officer of the concerned department/unit with the rank of AVP showing the amount of foreign exchange inwardly remitted and converted to pesos thru a commercial bank.

b. For registration of stock dividends which accrued to duly registered investments:

- 1) Stock dividend notice.

c. For registration of stock splits:

- 1) Stock split notice.

3. Existing Central Bank Registered Foreign Investments.

Existing registration documents of duly registered foreign investments shall be replaced with the new CBRDs by the issuing custodian banks. All copies of the replacement CBRDs issued by custodian banks shall be submitted to the Central Bank for post audit. Old registration documents of foreign investments registered directly with the Central Bank shall similarly be replaced with the new CBRDs, upon application by its custodian brokers.

4. Surrender of CBRD to Central Bank. Whenever the remaining number of shares appearing on the CBRD has been fully

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sold/utilized, the custodian of the original copy thereof shall surrender the CBRD to the Central Bank, for cancellation, within two (2) banking days from date of full remittance of divestments/sales proceeds of all the remaining number of shares.

5. Reportorial Requirements. AABs are required to indicate in Schedule 4 of IOS Form 1, all inward foreign exchange remittances utilized to fund foreign investments.

**FOREIGN INVESTMENTS - CAPITAL REPATRIATION/DIVIDEND/PROFITS/
EARNINGS REMITTANCE PROCEDURE**

I. Capital Repatriation/Remittance of Dividends/Profits/Earnings

a. Direct foreign equity investments.

The repatriation of sales/divestment proceeds including dividends/profits/earnings which accrued to duly registered direct foreign equity investments may be effected by a commercial bank without prior Central Bank approval upon presentation of the new Central Bank Registration Document (CERD) together with the following supporting documents:

For capital repatriation:

- 1) Proof of Sale.

For remittance of dividend/profits/earnings:

- 1) Board Resolution declaring the dividend;
- 2) Audited financial statement covering the dividend declaration period.

Additional supporting documents shall be required on the following foreign investments:

- 1) For investments in banks. - Clearance from the Supervision and Examination Sector (SES) Department of the Central Bank;

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2) For investments in insurance companies
Clearance from Office of the Insurance
Commissioner (OIC);

3) For investments in oil companies operating in
the Philippines - Clearance from the Bureau of
Energy Utilization.

b. Investments in listed/government securities.

The repatriation of sales/divestment proceeds of
foreign investments in government/listed securities
or in savings or time deposits including
dividends/earnings which accrued thereto may be
effected directly by the custodian bank without
prior Central Bank approval.

Whenever the repatriation/remittance shall be
effected thru a commercial bank other than the
custodian bank or the selling transaction was made
thru a stock broker other than the custodian broker,
the custodian bank/broker, upon request from the
remitting bank or selling broker, shall issue a CBRD
Letter Advice authorizing the latter to use fully or
in part the remaining shares of the CBRD. The
remitting commercial bank shall only effect the
remittance upon presentation of the following:

For repatriation of divestment/sales proceeds:

1) Brokers' sales invoice; and

- 2) CBRD Letter Advice issued by the custodian bank or broker as the case may be.

For remittance of cash dividends:

- 1) Schedule showing the names of investors and their addresses, CBRD numbers of the securities involved, gross amount of cash dividend, tax withheld and net amount.
- 2) Board Resolution covering the dividend declaration period.

II. Investments Registered under the old Central Bank Registration Documents (Transitory Procedures)

a. Direct Foreign Equity Investments

For capital repatriation:

The repatriation of capital of Central Bank registered direct foreign equity investments shall be effected thru a commercial bank, without prior Central Bank approval, upon presentation of the following documents:

- 1) Proof of Central Bank Registration; and
- 2) Proof of Sale.

For remittance of dividends/profits/earnings:

- 1) Board Resolution declaring dividend and the amount due the foreign investor;
- 2) Audited financial statement covering the dividend declaration period.

b. Investments in Government/ Listed Securities

For capital repatriation:

Capital repatriation of investments in listed/government securities registered under the old registration document form, may be effected thru a commercial bank without prior Central Bank approval upon submission of a Central Bank Confirmation Document (CBCD).

For remittance of cash dividend/earnings:

The remittance shall be effected thru a commercial bank without prior Central Bank approval upon submission of the following:

- 1) Schedule showing the names of investors and their addresses, STD numbers of the securities involved, gross amount of cash dividend, tax withheld and net amount requested for remittance; and
- 2) Board Resolution covering the dividend declaration period.

III. Reporting Requirements

The remitting commercial bank shall submit, within two (2) banking days from date of actual remittance, to the appropriate department of the Central Bank, a statement of remittance together with copies of the supporting documents mentioned in this Appendix.