



Bangko Sentral ng Pilipinas

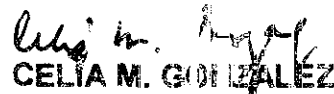
INTERNATIONAL OPERATIONS DEPARTMENT

CIRCULAR – LETTER

TO : ALL COMMERCIAL BANKS, SECURITIES DEALERS/
BROKERS AND OTHERS CONCERNED

SUBJECT : FOREIGN INVESTMENTS IN SHARES OF STOCKS
ACQUIRED IN THE DOLLAR-DENOMINATED
TRADING (DDT) FACILITY OF THE PHILIPPINE
STOCK EXCHANGE (PSE)

For information and guidance of all commercial banks, securities dealers/brokers and others concerned, attached is a copy of the letter of the Governor dated February 4, 2004 to the Philippine Stock Exchange (PSE), on the approval of the request of the PSE that foreign investments in shares of stock acquired in the DDT Facility be allowed special ESP registration under Section 32 of Circular No. 1389 dated April 13, 1993, as amended, subject to the conditions indicated in aforesaid letter.


CELIA M. GONZALEZ
Director

Attachment/s

February 10, 2004

MAG-IMPOK SA BANGKO

Bangko Sentral ng Pilipinas

MANILA

OFFICE OF THE GOVERNOR

Ref. No. BFD04-FB02LT
February 15, 2004

Philippine Stock Exchange, Inc.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City
Fax Nos. 634-5113/5920

Attn.: Ms. Alicia Rita M. Arroyo
Chairperson

Re : Dollar Denominated Trading (DDT) Facility of the PSE

Gentlemen:

Please be advised that, the Monetary Board under its Resolution No. 52 dated January 22, 2004, approved your request that foreign investments in shares acquired in the DDT Facility be allowed special Bangko Sentral ng Pilipinas (BSP) registration under Section 32 of Circular No. 1389 dated April 13, 1993, as amended, even if there was no conversion to pesos of the foreign exchange (FX) funding said investments, subject to the following conditions:

- a. To facilitate monitoring, registration shall be centralized with the PSE-designated settlement banks which shall act as the custodian bank/s and register, on behalf of the BSP, the foreign investments in shares purchased under the DDT Facility including the stock dividends earned thereon;
- b. The repatriation and remittance privileges using FX purchased from authorized agent banks (AABs) under this special registration shall be limited to the peso proceeds from a cross sale in the PSE peso Board of the registered shares previously acquired in the DDT Facility including stock dividends and peso cash dividends accruing on shares acquired in the DDT Facility;
- c. Registration shall be supported by an original copy of the local broker's DDT buy invoice and Certificate of Inward Remittance evidencing that the FX funded the investments

in the DDT Facility was inwardly remitted and credited to its Cash Settlement account maintained with the settlement bank which is exclusively used for settlement of trades in the DDT Facility. Copies of these documents, together with the duplicate Bangko Sentral Registration Document (BSRD), shall be submitted to the BSP-International Operations Department (IOD) within two (2) banking days from registration date in accordance with existing investment registration rules;

- d. The PSE-designated settlement bank/s under the DDT Facility shall report to the BSP-IOE, electronically (soft copy) and in hard copy all transactions pertaining to BSP registered investments in the DDT Facility, using the prescribed form/s in accordance with the reporting requirements under Section 89.G and Appendices 10 and 11 of Circular No. 1389, as amended, and Circular Letter dated April 23, 2003. The soft copy will be used for statistical monitoring purposes while the hard copy of the report, together with the prescribed supporting documents, will be used for post-audit purposes; and
- e. All BSP rules on registration and repatriation of foreign investments not inconsistent with these conditions shall continue to apply.

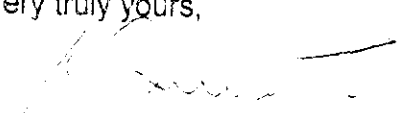
With regard to the aforementioned condition b, it is understood that the repatriation and remittance privileges using FX purchased from AABs for a cross sale in the PSE peso board of shares previously acquired by a non-resident investor in the DDT Facility shall apply only in the following cases:

- 1. If the shares sold in the PSE peso board were already registered under existing BSP rules with a covering Bangko Sentral Registration Document (BSRD) prior to the date said shares were originally sold and acquired in the DDT Facility; or
- 2. If the shares were not so previously registered and covered by a BSRD, the FX payment for the acquisition of the shares in the DDT Facility was converted to pesos thru the PSE-designated cash settlement bank/s with only the peso proceeds paid to the seller of the shares in the DDT Facility, with the FX retained by said cash settlement bank/s.

Please advise your PSE-designated cash settlement bank/s to clear with the BSP-IOD the mechanics for this special BSP registration of foreign investment transactions under the DDT Facility.

Pursuant to the decision of the Monetary Board, we have also referred your request to the Anti-Money Laundering Council to determine compliance with the Anti-Money Laundering Act.

Very truly yours,


RAFAEL B. BUENAVENTURA
Governor