

**[ IC CIRCULAR LETTER NO. 29-05, September 23, 2005 ]**

**NEW GUIDELINES FOR FOREIGN CURRENCY DENOMINATED INVESTMENTS AND INSURANCE POLICIES**

Effective immediately, the following guidelines shall govern foreign currency denominated investments and insurance policies:

**A. Foreign Currencies Allowed**

Only foreign currencies acceptable to the Bangko Sentral ng Pilipinas (BSP) as part of its international reserves shall be allowed.

**B. Investments**

1. The following foreign currency denominated investments may be allowed:

- a. Issues of the Philippine government or Philippine government \_ owned or controlled corporations.
- b. Issues of Philippine private corporations provided these shall have a credit rating equivalent to or better than that of the Philippine government.
- c. Issues of foreign governments provided these shall have a minimum credit rating of: BB+ as rated by S&P, or Bal as rated by Moody's, or its equivalent as rated by other international credit rating agencies acceptable to the Insurance Commission; or one notch above the credit rating of the Philippine government, whichever is higher.
- d. Issues of foreign corporations provided these shall have a minimum credit rating of: BBB as rated by S&P, or Baa as rated by Moody's, or its equivalent as rated by other international credit rating agencies acceptable to the Insurance Commission; or two notches above the credit rating of the Philippine government, whichever is higher.
- e. Loans against mortgages on real properties outside the Philippines which shall be considered surplus investments and which shall be made only if the laws of the country where the property is located allow the lender to own real estate property in the event of foreclosure.
- f. Loans guaranteed by banks of foreign countries provided the guarantor bank has a minimum credit rating of BBB as rated by S&P, or Baa2 as rated by Moody's, or its equivalent as rated by other international credit rating agencies acceptable to the Insurance Commission; or two notches above the credit rating of the Philippine government, whichever is higher.