

[BSP CIRCULAR NO. 138, July 31, 1997]

FURTHER AMENDMENT OF SECTION 2 OF CB CIRCULAR NO. 1389, AS AMENDED

Pursuant to Monetary Board Resolution No. 995 dated July 30, 1997, Section 2 of Central Bank Circular No. 1389, as amended, is further to read as follows:

"Section 2. Sales of Foreign Exchange by AABs. — AABs may sell foreign exchange to residents (including the Government, its political subdivisions/instrumentalities and government-owned and controlled corporations), for any non-trade purpose, without need of prior Bangko Sentral ng Pilipinas (BSP) approval, provided that:

- a) for sales of foreign exchange exceeding US\$25,000.00, the AAB shall require a written notarized application and supporting documents from the purchaser of the foreign exchange; and
- b) for sales of foreign exchange not exceeding US\$25,000.00, the AAB shall require a written application only.

The written application required under b) shall be in accordance with the attached format*.

AABs shall see to it that this limit on the sale of foreign exchange for a non-trade purpose is not breached by the splitting of a foreign exchange purchase into smaller amounts so as to make it appear that the purchase does not violate the prescribed limit.

There is deemed to be a splitting of a foreign exchange purchase within the prohibition of this Circular if a Bank sells foreign exchange for a non-trade purpose to any one purchaser, within a fifteen banking day period, in such individual amounts which, when combined, exceed \$25,000.00.

The AAB shall report all sales covered by this section under FED I using the appropriate transaction codes.

For sales of foreign exchange for payment of obligations that are foreign loan- or foreign investment-related, the AAB shall require purchaser's presentation of proof of BSP approval and/or registration for each loan or investment, whenever required by existing rules."

This Circular shall take effect immediately.

Adopted: 31 July 1997