[BSP CIRCULAR NO. 561, s. 2007, March 08, 2007]

AMENDMENTS TO CIRCULAR NOS. 1327 AND 1389 DATED 30 JANUARY 1992 AND 13 APRIL 1993, RESPECTIVELY

Pursuant to Monetary Board Resolution No. 230 dated 22 February 2007, approving certain reforms to liberalize foreign exchange rules and regulations, the following provisions of Circular Nos. 1327 and 1389 dated 30 January 1992 and 13 April 1993, respectively, as amended, are hereby further amended, as follows:

SECTION 1. Item 2 of Circular No. 1327, as amended, shall now read as follows:

> "2. Allowable open FX position - Banks' allowable open FX position (either overbought or oversold) shall be the lower of 20 percent (20%) of their unimpaired capital or US$50 million.
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> For purposes of this section, unimpaired capital of foreign banks that are universal banks shall be defined as permanently assigned capital plus the Net Due to Head Office account; *Provided*, *That* the amount of Net Due to Head Office that may be added to the permanently assigned capital shall not exceed the equivalent of six (6) times the permanently assigned capital. For foreign banks that are commercial banks, unimpaired capital shall be defined as permanently assigned capital plus the Net Due to Head Office account; *Provided*, *That* the amount of Net Due to Head Office that may be added to the permanently assigned capital shall not exceed the equivalent of eight (8) times the permanently assigned capital.
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> Any excess beyond the allowable limit shall be settled on a daily basis. Penalties on excess overbought and oversold positions of banks when PDS trading is suspended shall be waived."

SECTION 2. The following sections of Circular No. 1389, as amended, are hereby further amended, as follows:

1. Section 2 shall now read as follows:

> "**Section 2. Sales of Foreign Exchange by AABs, NBBSEs and Forex Corporations for Non-Trade Transactions**. AABs, Non-Bank Bangko Sentral ng Pilipinas-Supervised Entities (NBBSEs), and their subsidiary/affiliate forex corporations may sell foreign exchange to residents to cover payments to foreign beneficiaries for non-trade current account purposes (e.g., educational expenses, medical expenses, travel