

[BSP CIRCULAR NO. 31, s. 1994, July 19, 1994]

**AMENDMENTS TO CIRCULAR NO. 1389 (CONSOLIDATED
FOREIGN EXCHANGE RULES AND REGULATIONS)**

Pursuant to Monetary Board Resolution No. 652 dated July 14, 1994, the pertinent provisions of Circular No. 1389 dated April 13, 1993 (Consolidated Foreign Exchange Rules and Regulations), as amended by Circular No. 5 dated September 15, 1993, and Circular No. 16 dated March 7, 1994 are hereby amended as follows:

1. Section 24.4 covering short-term FCDU loans to private sector borrowers is modified to include indirect exporters among those eligible to borrow from FCDUs. The following paragraph shall be added to Section 24.4a:

"a. . . .

Indirect exporters may likewise borrow to fund export-related costs, which may include both foreign exchange as well as peso costs. Indirect exporters shall refer to cottage/small and medium industries (producers/manufacturers) that have supply arrangements with direct exporters who are holders of an export letter of credit or a confirmed purchase order/sales contract from a foreign buyer."

2. Section 44 covering outward investments shall read as follows:

"44. Outward Investments by Philippine Residents

A resident may invest abroad only if:

xxx xxx xxx

3. the funds to be invested are sourced from AABs but in amounts not exceeding US \$3 million per investor per year.

xxx xxx xxx"

3. Section 72.2 as amended by Circular No. 16 shall read as follows:

- "1. Export transactions covered by usance or sight letters of credit, shall be allowed to be purchased by FCDUs.
2. Export bills negotiated/purchased by the bank's Regular Unit and outstanding in its books shall not be allowed to be purchased by its FCDU.
3. All outstanding Export Bills Purchased in the FCDU books, except those classified as bad or uncollectible accounts, shall form part of the