

**[ BSP CIRCULAR NO. 1362 s. 1992, October 23, 1992 ]**

**CONSOLIDATED POLICIES, RULES AND REGULATIONS ON  
MEDIUM AND LONG-TERM FOREIGN BORROWINGS AND  
RELATED TRANSACTIONS**

Pursuant to Monetary Board Res. No. 945 dated October 9, 1992, the following policies, rules and regulations shall govern medium and long-term loans (i.e., with maturities in excess of 360 days) to be obtained by residents from foreign creditors and foreign currency deposit units (FCDUs) of local commercial banks, as well as guarantees, and other financing schemes/arrangements.

**I**  
**Foreign Loans**

**A. Prior Central Bank Approval/Registration Requirement**

1. Public sector loan proposals from foreign creditors/FCDUs shall require prior approval of the Central Bank, through the Management of External Debt Department (MEDD), even before commencement of actual negotiations viz.,:

- a. Loans of the National Government, its agencies and instrumentalities, as well as government-owned/controlled corporations; and
- b. Loans of government financial institutions, except normal interbank borrowings.

2. The following private sector loans shall be subject to prior CB approval and drawdown/availments thereunder to registration with the Central Bank:

- a. Loans guaranteed by government corporations and government financial institutions; and
- b. Loans covered by foreign exchange guarantees issued by private domestic banks and financial institutions.

3. To be eligible for servicing out of foreign exchange purchased from the banking system, private sector loans (other than loans referred to in 2a & b above) from foreign creditors/FCDUs shall be submitted to the Central Bank for prior approval, and drawdowns/availments thereon shall be subsequently registered with the Central Bank through MEDD. Loans which have been drawn/availed of prior to Central Bank approval of the credit shall not be eligible for registration and subsequent servicing out of foreign exchange purchased from the banking system.

**B. Projects/Costs Eligible for Foreign Financing**