

**[CBP CIRCULAR LETTER S. 1992, October 12,
1992]**

**PROCEDURAL GUIDELINES ON CHAPTERS ON FOREIGN
INVESTMENTS OF CIRCULAR NO. 1353, S. 1992**

Pursuant to Monetary Board Resolution No. 738 dated August 7, 1992, approving the further liberalization of foreign exchange regulations, as implemented by Circular No. 1353 dated August 24, 1992, the following procedural guidelines on the provisions of the chapters on Foreign Investments and its Appendices are hereby issued for the guidance of all concerned:

I

**Registration of Foreign Investments
in Government Listed Securities**

a. *Use of new Central Bank Registration Document (CBRD) Annex "A-1"* — In consonance with the "General Provisions" of Appendix "A" of Circular 1353, authorized agent banks (AABs) acting as custodian banks and stock brokers with foreign investor-clients are required to reproduce in quadruplicate the said new CBRD (Annex "A-1") with the original in Bristol board, 74 lbs thick. Effective September 1, 1992, custodian banks shall use the new CBRD form for the registration on behalf of the Central Bank of all foreign investments under their custodianship. The duplicate and an extra copy of the new CBRDs issued by custodian banks together with the requisite supporting documents listed in said Appendix "A", shall be submitted to Central Bank (CB) within two banking days from issuance, for post audit. The original copy of the CBRD shall be under the custody of the issuing custodian bank and the triplicate and the quadruplicate shall be given to the stock broker who shall deliver the quadruplicate to the Transfer Agent.

b. In the case of a foreign investor, without custodian bank, the buying broker shall be considered the custodian broker of the foreign investor and shall be responsible for the registration of the investment directly with CB. All copies of the new CBRD shall be duly accomplished by the custodian broker and shall be submitted directly to CB for approval and signature.

c. If the new CBRD forms are not yet available, the old STD Registration Document Form may be used in the meantime, but the repatriation/remittance of sales proceeds/cash dividends through an AAB other than the registering custodian bank shall be allowed only upon presentation of a Central Bank Confirmation Document (CBCD) and other requisite documents mentioned on Appendix "B" of Circular 1353.

d. The original copy of the Central Bank Registration Document (CBRD) issued by CB upon application by the buying stock broker shall be under the custody of applicant stock broker. All subsequent transactions (i.e. capital repatriation/cash dividend remittances) made on the basis of the original copy thereof shall be considered to

have been made with the full knowledge and authority of the custodian broker. The same rule shall apply to the original copies in the custody of the registering custodian banks.

e. The original copy of the CBRD in the custody of the registering custodian bank or the custodian broker may be borrowed from them whenever the repatriation/remittance shall be effected through an AAB other than the registering custodian bank or the selling transaction was effected through a stock broker other than the buying/registering broker. Strict guidelines may be issued by the registering custodian bank or custodian broker to ensure the integrity of the CBRD and to pinpoint responsibility in case of loss of the document.

f. The amount of foreign exchange inwardly remitted and utilized to fund all foreign investment/s shall be reflected by the conduit AAB in Schedule 4 of IOS Form 1 including the credit advice No. and date; or the date and name of AAB which issued the bank certification as the case may be, and the Central Bank Registration No., if the foreign investment has already been registered on reporting date. The copy of the credit advice or the bank certification to be submitted to CB shall be an original copy. Certified true copies shall be allowed only in highly exceptional cases.

II

Switch Transaction

The registration of reinvestment or foreign investment in listed/government securities funded by sales proceeds of investment registered under the new CBRD shall be supported by an updated and certified true copy of the source CBRD where the corresponding number of shares sold has been deducted from the outstanding share balance appearing in the said CBRD as of date of the sale transaction. The certifying officer shall be an authorized officer of the issuing custodian bank or custodian broker. The said certified true copy shall be submitted together with the buy invoice, Form D or DT and the credit advice, if any, for post audit by CB.

III

Direct Foreign Equity Investments

Direct foreign equity investment endorsed by SEC or BTRCP for CB registration shall be issued the new Central Bank Registration Document (CBRD). The original copy of the CBRD shall be sent to the custodian or appointed representative in the Philippines of the foreign investor/s for use in the eventual repatriation/remittance through AAB of divestment proceeds/dividends and profits, without prior CB approval.

IV

Replacements of existing STD Registration Documents (STDs) Direct Investments Registration Documents (DIRDs)

a. Existing STD Registration Documents (STDs) issued by custodian banks may be replaced with new CBRDs by the same registering custodian banks. All duly accomplished copies of the new CBRDs issued shall be submitted to CB for post audit within two banking days after its issuance.

b. Existing Direct Investment Registration Documents (DIRDs) shall be applied for replacement with new Central Bank Registration Document (CBRD) with the appropriate department of the Central Bank.

In both cases, only the remaining balance of the shares as of the date of replacement shall be indicated in the line labelled "No. of Shares Purchased/Invested" appearing in the new CBRD form.

c. The replacement of existing STD Registration Documents (STDs) is optional if the registering custodian bank has also been designated as the remitting bank by the registered foreign investor. However, it shall be mandatory for the registering/remitting AAB to submit to CB on transaction date, a statement of remittance together with the brokers' sales invoice.

V

Capital Repatriation

a. The new CBRD issued by the CB or issued by a custodian bank on behalf of CB shall serve as the authority to repatriate/remittance sales/divestments proceeds/dividends/branch profits/interest.

b. Upon presentation of the original copy of the new CBRD, any AAB may effect the repatriation/remittance of sales/divestment proceeds of registered direct equity investments or investments in government/listed securities. Under no circumstances shall repatriation or remittance of sales proceeds/cash dividend be effected on the basis of a copy other than the original one. The remitting officer of the AAB concerned shall be held liable for any remittance made in violation thereof.

c. The remitting AAB shall indicate the details of the remittance in the appropriate blank spaces provided in the "Repatriation Record" of the CBRD and shall immediately transmit on same transaction date to CB via FAX No. 59-41-54 together with the application to purchase foreign exchange, broker's sales invoice or proof of sale, as the case may be. It shall also be the responsibility of the remitting AAB to report the remittance to CB in Schedule 8 of IOS Form I, and to indicate thereon the corresponding Central Bank Registration No.

d. Whenever the outstanding balance of shares appearing on the CBRD have been fully sold/utilized, the AAB which effected the last remittance shall surrender the CBRD to the Central Bank for cancellation. However, should there be cash dividend which accrued thereto on or before the last date of repatriation which are yet remittable, the last selling broker shall so indicate at the upper right portion of the CBRD for the information of CB. Should there be an indication to that effect, the CBRD shall be returned to the issuing custodian bank or custodian broker and may be used for the remittance of cash dividends which accrued thereto on or before the last date of repatriation. The last remitting AAB shall likewise immediately transmit on same transaction date to CB via FAX the details of the remittance. The original copy of the CBRD together with the cash dividend schedule, if any, may be transmitted by messenger to CB for cancellation and for post audit purposes within two banking days from date of actual remittance.

e. *Capital Repatriation of Investments Made Prior to March 15, 1973* — Full and immediate capital repatriation/dividend remittance of direct foreign equity