

[BSP CIRCULAR NO. 1300, August 07, 1991]

ESTABLISHMENT OF A FOREIGN EXCHANGE CLEARING AND SETTLEMENT SYSTEM

The Monetary Board in Resolution No. 820 dated July 26, 1991 authorized the establishment, in coordination with the Philippine Clearing House Corporation, of a Foreign Exchange Clearing and Settlement System (System), to improve the payment mechanism for incoming remittances of overseas workers under the following guidelines:

1. The System shall cover all incoming US Dollar remittances via Telegraphic Transfer (T/T) in the amount of US\$1,000.00 or less received by a Philippine Bank from their correspondent banks abroad for credit/payment to beneficiaries accounts maintained with other local banks.
2. Covered remittances, net of charges, shall be processed by the receiving bank and transmitted for clearing within forty eight (48) hours from date of receipt.
3. The beneficiaries banks shall make available the proceeds of the remittances to the beneficiaries within twenty four (24) hours after end of clearing operations in the case of Metro Manila accounts and forty eight (48) hours in the case of accounts outside Metro Manila.
4. A FX Clearing Account shall be maintained by banks and shall be governed by the following:
 - a. Banks are authorized to open a Foreign Currency Deposit Account with the Central Bank called the FX Clearing Account with a minimum initial balance of \$20,000.00
 - b. The FX Clearing Account shall be specifically for clearing purposes only.
 - c. The FX Clearing Account shall earn interest at 4% per annum credited quarterly provided that a minimum daily balance of US\$50,000.00 shall be maintained during reference quarter.
 - d. The FX Clearing Account shall not be allowed to be overdrawn at anytime.
 - e. Transfer of funds to prevent overdraft in the FX Clearing Account shall be effected through debit authorities executed by banks with surplus funds in favor of banks in deficit position.
 - f. Additional regulations covering clearing operations shall be embodied in other implementing issuances to be made by the Central Bank.