

FREQUENTLY ASKED QUESTIONS ON INWARD FOREIGN AND OUTWARD INVESTMENTS¹

A. GENERAL REGISTRATION PROCESS INQUIRY

1. *Is the registration of inward foreign investments with the Bangko Sentral ng Pilipinas (BSP) mandatory?*

No. Under Section 32 of the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended, the registration of inward investments (i.e., those made by non-residents) with the BSP or registering authorized agent banks (AABs; on behalf of the BSP) is optional. It is required only if the FX needed to fund the repatriation of capital and the remittance of earnings thereon will be purchased from AABs or their subsidiary/affiliate foreign exchange corporations (AAB forex corps). The BSP will issue a Bangko Sentral Registration Document (BSRD) evidencing the registration of inward investment under Section 36 of the FX Manual.

2. *Does the BSP issue certified true copy/ies of BSRD/s?*

No. The BSP only issues original and replacement BSRDs.

3. *How do we know if the foreign investment shall be registered with the BSP or with a registering AAB?*

Section 36 of the FX Manual indicates the list of investments/instruments which shall be registered with the BSP, while Section 37 of the FX Manual provides the list of investments/instruments which shall be deemed registered upon reporting by the registering AABs to the BSP.

4. *Can an investee firm apply for the registration of a foreign investment even if the non-resident investor has already applied for same?*

No. Only one (1) application for registration per investment is allowed. The investor/investee-firm, or its authorized representative (usually a third party) shall file the request for registration.

5. *What are the documents required to support application for registration of inward investments either with the BSP or through registering AABs?*

Applications for registration of inward investments with the BSP (using Annex W of the FX Manual in the latest version²) shall be supported by the following documents under Appendix 10.C of the FX Manual:

- a. proof of funding [e.g., Certificate of Inward Remittance (CIR) of FX];
- b. proof of the actual investment made as recorded in the books of the investee

¹ These pertain to the rules on foreign exchange (FX) transactions under the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended. The FX Manual may be downloaded from the BSP website using the following links:

FX Manual: <https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT.pdf>

Forms, Annexes and Appendices: <https://www.bsp.gov.ph/SitePages/Regulations/DownloadSection.aspx>

² Under IOD Form No. 02-007 * Version 0 * Updated 14 August 2024.

- [e.g., Securities and Exchange Commission (SEC) registration with Articles of Incorporation, latest General Information Sheet duly received by the SEC (as applicable), applicable SEC form/s required under the Foreign investments Act of 1991 duly received by the SEC, and other regulatory/board clearances/approvals (as applicable)];
- c. proof of authority, if the application for registration will be done by an entity other than the foreign investor or the investee-firm; and
 - d. transmittal/cover letter³ addressed to the Head of the International Operations Department (IOD).

On the other hand, applications for registration of inward investments with the BSP through registering AABs shall be supported by the following documents:

- a. applicable proofs of funding and actual investment made as provided under Appendix 10.C of the FX Manual; and
- b. duly accomplished "Authority to Disclose Information" form under Appendix 10.4 of the FX Manual.

6. *Does the BSP issue certificate/s to foreign nationals who intend to apply for a Special Resident Visa (SIRV)?*

No. The BSP registration of inward foreign investment made by the foreign national is optional, and not a requirement for the issuance of SIRV. In some cases, SIRV holders/applicants may be endorsed to the BSP, through IOD, by the Board of Investments (BOI) for possible BSP registration of the SIRV holders/ applicants' foreign investments in Philippine investee firms.

Upon the request of the SIRV holders/foreign investor, the BSP may issue a certificate of maintenance of investment to a foreign national with existing BSP-registered investments under Executive Order No. 63 dated 07 November 1986 (Granting Incentives to Foreign Investment in Tourist-Related Projects and Tourist Establishments and for Other Purposes). Said document is used as a supporting document to the annual report submission of the foreign investor to the BOI.⁴

7. *Are FX investments of resident corporations in Philippine joint ventures eligible for registration with the BSP?*

No. BSP registration is not applicable for investments of residents in another Philippine entity.

However, AAB/AAB forex corps may still sell FX (regardless of amount) to non-bank residents for their FX transactions (trade and non-trade transactions including loans and investments requiring settlement in foreign currency) with other residents pursuant to Part One, Chapter II of the FX Manual subject to the submission to the FX selling institution of a duly accomplished Application to Purchase FX (Annex A of the FX Manual) and supported by documents listed under Appendix 1 of the same Manual.

³ For applications submitted through electronic means, the transmittal email indicating the request/application will suffice.

⁴ Based on E.O. 226 (SIRV under Article 74-75): <https://www.officialgazette.gov.ph/1987/07/16/executive-order-no-226-s-1987/>

8. *Shall electronic copies of BSRDs, including the Record of FX Sale for Capital Repatriation and Remittance of Earnings issued during the declaration of community quarantine be replaced by hardcopy BSRDs?*

No. Pursuant to Circular No. 1171 dated 29 March 2023 on amendments to FX regulations in relation to the permanent adoption of the majority of the operational relief measures for FX transactions, all documents issued starting 27 March 2020 and henceforth by BSP (e.g., BSRD and Transmittal Letter) shall be in electronic form unless otherwise indicated. Hence, the BSP shall no longer issue original hardcopies including the replacement of provisional BSRDs issued starting 27 March 2020.

9. *What are the eligible proofs of investment for owning or purchasing a condominium unit?*

The acceptable proofs of investments are: (a) Condominium Certificate of Title (CCT) in the name of the foreign investor; and (b) Deed of Absolute Sale (DOAS); or Contract to Sell (CTS) with acknowledgment receipts/proof of payment for the property to be registered as investment, or equivalent document.

B. INQUIRY ON PROOF OF FUNDING FOR INWARD FOREIGN INVESTMENTS

10. *What are the BSP requirements for the issuance of a Certificate of Inward Remittance (CIR) of FX?*

A CIR of FX may only be issued by banks if there was actual flow/inflow of FX to the Philippines. The BSP-prescribed format and guidelines/instructions for filling out a CIR can be found in Appendix 10.1 of the FX Manual.

11. *Should the CIR to be issued by a bank be in the current version?*

Yes. The CIR to be issued by a bank should be in the latest version of the BSP-prescribed format under Appendix 10.1 of the FX Manual (i.e., currently under IOD Form No. 02-008* Version 0 * Updated 14 August 2024).

12. *In filling out the CIR of FX form, is the bank required to indicate the conversion details of the inward remittance from FX to PHP?*

Yes. If there is actual conversion of the inward remittance of FX to PHP, the conversion details of the same should be indicated in the CIR of FX to be issued by the converting bank (which may be the same as the receiving bank or a different bank) in the BSP-prescribed format (Appendix 10.1 of the FX Manual). In addition, the US Dollar equivalent of the FX (for currencies other than US Dollar) should be accordingly indicated in the CIR.

13. *Should the bank issue a CIR in its current version (i.e., IOD Form No. 02-008* Version 0 * Updated 14 August 2024; as prescribed in the Appendix 10.1 of the FX Manual) to replace a lost CIR which was issued in its old version/s? If the non-resident investor has a photocopy of the lost CIR, can this be considered as an alternative document to the current CIR Form and therefore, a replacement CIR is no longer needed?*

Yes. If a CIR issued using an old form has been lost, the replacement CIR to be issued by a bank should be in its current version with a note stating that the new CIR supersedes and replaces the lost CIR indicating the latter's CIR number and date of issuance. However, if the non-resident investor has a photocopy of said lost CIR, such can be used as a proof of funding in connection with the investor's application for registration of its foreign investment.

14. *Is BSP authorization required for the replacement of a lost or erroneous⁵ CIR a bank issued?*

No. Banks may issue, without prior BSP authorization, another CIR to replace a lost or erroneous CIR, provided that it is indicated that the replacement CIR shall cancel and supersede the lost/erroneous CIR as provided under Appendix 10.1 of the FX Manual. The replacement CIR shall also indicate the information on the CIR number, date of issuance, and version control number of the erroneous CIR. A new and unique CIR number shall be generated for the replacement of lost or erroneous CIR.

15. *What is the BSP-prescribed format for the CIR number issued by an AAB?*

Pursuant to Appendix 10.1 of the FX Manual, the CIR number format should be YYYY-NNNNNN-BBBBBBBBBBBB wherein YYYY is for the year the CIR is issued, NNNNNN for the series number of the CIR and BB-BBBB-BB-BBB for the 11-digit enterprise-wide bank code [which consists of two (2)-digit bank kind, four (4)-digit bank identity, two (2)-digit bank type and three (3)-digit branch number].

16. *What other documents may be submitted as proof of funding in lieu of the CIR? Can an applicant submit a copy of a CIR initially submitted to the SEC to support its application for registration of foreign investments?*

Yes, the copy of the CIR initially submitted to the SEC can be considered as proof of funding to support the application for registration of foreign investments. Furthermore, bank certifications, debit/credit advices, passbooks, bank statements, financial statements, journal entries, or other equivalent documents are acceptable proofs of funding, provided that such documents indicate the equivalent and salient information found in the CIR of FX pertaining to investment funds remitted by the non-resident investor [e.g., name and country of remitter, amount remitted (in original currency and USD equivalent), remittance/telegraphic transfer reference no., name of remitting foreign bank, name of onshore receiving bank, date of remittance, beneficiary] and its receipt and conversion to Pesos, if applicable, by the investee firm.

17. *What are the proofs of funding for foreign investments funded by conversion of liability (e.g., foreign loan/bonds/notes/obligation) to equity?*

The acceptable proofs of funding are: (a) BSRD (if the liability was registered with the BSP) or document showing funding of the loan (e.g., CIR of FX issued by an AAB,

⁵ Including CIRs issued using the outdated version

bank certification or other proof of funding listed in Appendix 10.C of the FX Manual); and (b) Deed of Assignment of liability and conversion to investment/covering agreement or equivalent document; or certification executed by the authorized officer/representative of the investee firm attesting to the conversion of debt to investment.

18. *Can a foreign investment funded through remittance in pesos be registered with the BSP?*

Investments funded by inward remittance of pesos is not an eligible form of funding for a foreign investment under the FX Manual. Furthermore, the provisions under Section 4⁶ of the FX Manual shall apply.

19. *When can an FX remittance transaction be classified as “constructive remittance of FX”, hence, eligible as proof of funding to support applications for registration of FDIs?*

Constructive remittance of FX refers to FX funding that is credited to the offshore account of resident investee/intended beneficiary/onshore bank without actual inward remittance of FX but the investment is accordingly booked onshore in the records of the investee firm.

This form of funding may involve a debit-credit arrangement between an onshore bank and an offshore counterparty bank wherein: (a) acquisition of FX funds by the onshore bank is not recorded in its books; and (b) there is eventual crediting of Pesos to the account of the resident investee firm.

This may also refer to a transaction with two (2) legs wherein the first leg pertains to FX funds debited from the account of a non-resident in an offshore bank while the second leg pertains to Peso funds debited from an existing Peso settlement/clearing account⁷ of an offshore bank in an onshore bank for eventual credit to the Peso account of the investee firm. This type of constructive remittance involves correspondent banking between an offshore and an onshore bank.

20. *What are the documentary requirements for constructive remittance of FX as a mode of funding the investment?*

For constructive remittance, the following documents may be considered as proof of funding:

- a. For debit-credit arrangement the onshore bank made with an offshore counterparty bank which resulted in the eventual crediting of peso to the account of the resident investee firm: Bank certification issued by the onshore bank or equivalent document indicating the following:

⁶ Bringing in or taking out of the country (including electronically transfer) of legal tender Philippine notes and coins, checks, money order and other bills of exchange drawn in pesos against banks operating in the Philippines is allowed up to PHP50,000 without prior authorization by the BSP. Amounts in excess of said limit shall require prior written authorization from the BSP. The term “electronic transfer” as used herein shall mean a system where the authority to debit or credit an account (bank, business or individual) is provided by wire, with or without a source document being mailed to evidence the authority.

⁷ Account maintained by a bank with another bank to facilitate financial transactions, such as treasury or trade finance-related payments and remittances.

- (i) FX deal amount/s;
 - (ii) exchange rate/s used;
 - (iii) date/s of credit to corresponding accounts and account numbers;
 - (iv) FX amount deposited to the offshore account of the onshore bank corresponding to the FX deal made (whether in the same offshore counterparty bank or in another offshore bank); and
 - (v) details of peso fund transfers to another onshore bank (as applicable); or
- b. For remittance made to the offshore account of the resident investee firm/intended beneficiary: Bank statement/s issued by the offshore receiving/depository bank showing the FX amount and date of its credit to the offshore account of the resident investee firm/intended beneficiary, or equivalent document.

21. *Are FX investment funds remitted by a foreign entity to an escrow account in the Philippines eligible for registration with the BSP?*

Yes. The FX investment funds initially held in an escrow account may be registered, provided that the investee firm has: (a) duly complied with the terms and conditions stipulated in the share subscription agreement it executed with the non-resident investor; (b) actually received the FX investment funds from the escrow account; (c) recorded said investment funds in its corporate books in favor of the non-resident investor; and (d) complied with the documentary requirements for registration with BSP as provided in item 5 above.

C. INQUIRY ON TRANSFERS OF BSP-REGISTERED INVESTMENTS/REINVESTMENT AND DIVESTMENT PROCEDURES

22. *In case the non-resident investor only desires to reinvest divestment proceeds from his registered investment to another domestic corporation without the intent of repatriating any capital or remitting the earnings from such new investment, should the new investment be registered with the BSP or registering AABs?*

No. The new investment need not be registered with the BSP or registering AABs if the non-resident investor does not intend to purchase FX from the banking system for the repatriation of capital and/or remittance of related earnings in pesos accruing thereon.

23. *What guidelines shall be complied with by the non-resident investor for changes in the BSP-registered investments?*

For partial sale of registered investments which shall require changes to be made in the BSRD, the following provisions of Appendix 10.A of the FX Manual, shall apply:

- a) The BSP-IOD shall be notified of any change (including additional paid-in capital) in BSP-registered investments through submission of an Application for Registration of Foreign Investments (Annex W of the FX Manual in the latest version) indicating the request for replacement of BSRD; and

- b) The existing BSRD of the previous non-resident investor shall be submitted to the BSP to effect the sale/transfer of/reduction in investments.

For changes in the name of the investor/investee not involving corporate restructuring and transfer ownership, the non-resident investor (or his duly authorized representative) shall submit to the BSP-IOD the following not later than one (1) month prior to the target date of purchase of FX:

- a) application for Registration of Foreign Investments (Annex W of the FX Manual in the latest version) for replacement of BSRD;
- b) existing BSRD for replacement; and
- c) proof of change in the name of the investor/investee (e.g., consularized document, SEC Amended Articles of Incorporation).

A new BSRD shall be issued for requests to consolidate or replace old BSRDs of the non-resident investor. The original hardcopy of BSRD/s (for those issued before 27 March 2020) or electronic or printed copy of BSRD/s (for those issued starting 27 March 2020) issued in favor of the non-resident investor shall be submitted to the BSP-IOD for cancellation/replacement, as applicable.

For full sale of registered investments involving FX payments made offshore wherein the buyer (i.e., new investor) is also a non-resident, an application (using the Annex W of the FX Manual in the latest version) should be filed covering the registration of the transferred investment under the name of the new non-resident investor (Part I.A.3 of Appendix 10.C of the FX Manual). The required proof of funding documents includes the BSRD for the initial investment made, together with Deed of Transfer/Sale/Assignment or equivalent document.

However, if the buyer is a resident, no new BSRD shall be issued and the previously issued BSRD shall be used by the selling non-resident shareholder to purchase FX from FX selling institutions to remit the divestment proceeds.

24. *Are non-resident investors (or their resident agent/authorized representative) required to establish Foreign Currency Deposit Unit (FCDU) account/s to facilitate servicing of investments?*

Non-residents investors (or their resident agent/authorized representative) are not required to open FCDU account/s to facilitate repatriation of capital and remittance of related earnings thereon using FX resources of AABs/AAB forex corps. Nonetheless, Section 38.3 of the FX Manual provides that FX sold by AABs/AAB forex corps for repatriation of capital and remittance of related earnings shall be:

- a. Directly remitted to the account (whether onshore or offshore) of the non-resident investor or his intended beneficiary on the date of FX sale, except as indicated in item (b) below; or
- b. In the case of investments in instruments under Sections 33.1 and 33.3.a.(i) of the FX Manual (foreign direct investment and equity securities not listed at an onshore exchange, respectively), FX sold may also be credited to the FCDU account of the non-resident investor's resident agent/authorized representative with the FX selling AAB (or another AAB) for: (i) future

reinvestment onshore; or (ii) eventual remittance to the intended beneficiary, subject to the conditions provided under Section 38.3(b) of the same Manual.

25. *Can a non-resident investor purchase FX from banks to repatriate fully unutilized inward remittance of FX through AABs that were initially intended as deposit for future subscription due to the cancellation of the investee firm's increase in authorized capital stock (ACS)?*

Yes. The non-resident investor or its authorized representative may purchase from banks the FX equivalent of the excess peso funds from unrealized investments due to the cancellation of the investee firm's increase in its ACS without complying with the general rule on 50 percent minimum utilization under Section 38.4 of the FX Manual, subject to the submission to the FX selling institution of a duly accomplished and signed Application to Purchase FX (Annex A of the FX Manual) and the documents listed under Appendix 1.4 of the FX Manual.

26. *Are non-resident investors allowed to purchase FX for their additional paid-in capital (APIC)?*

Yes. APIC is the premium paid by an investor over and above the par value of a stock. Creation of APIC has no corresponding increase in foreign ownership. Premium on par value of shares upon sale of capital stock is already eligible for servicing using FX resources of AABs/AAB forex corps once the base shares are already registered with the BSP. Thus, the base shares shall be registered with the BSP to allow full and immediate repatriation of capital and remittance of related earnings thereon, including the premium on the total par value of the shares using the FX resources of AABs/AAB forex corps.

27. *Shall the transmittal letter and attachments to the BSRD also be submitted to AABs/AAB forex corps along with the BSRD to support FX sale relating to registered inward investments?*

Pursuant to Appendix 1.4 of the FX Manual, the transmittal letter and attachments (e.g., Record of FX Sale), as applicable, shall be submitted to AABs/AAB forex corps along with the BSRD to support FX sale for non-resident investors holding BSRDs issued in electronic form starting 27 March 2020.

On the other hand, for non-resident investors with BSRDs issued in original hardcopy prior to 27 March 2020, the BSRD (including the Record of FX Sale and other attachments to the BSRD, as applicable), sans the transmittal letter, shall be submitted to AABs/AAB forex corps to support FX sale.

D. INQUIRY ON LOST BSRDs

28. *What is the difference between replacement and reissuance of lost BSRDs for foreign investments?*

Replacement of lost BSRDs apply to: (i) original hardcopy BSRDs issued before 27 March 2020 with no available softcopy of same (with or without change in any information/details of the registered investment); and (ii) BSRDs issued in electronic

form starting 27 March 2020 with change/s in information/details of the registered investment.

On the other hand, in case the BSRD was issued in electronic form starting 27 March 2020 and has been declared lost (e.g., the only file copy was deleted), the non-resident investor (or his duly authorized representative) may apply for mere reissuance of same, provided that there has been no change in any information/details of the registered investment.

29. *What are the requirements to support applications for replacement of lost BSRD/s?*

Applications for replacement of lost BSRD/s shall be supported by the following documents:

- a) Duly accomplished Application for Registration of Foreign Investments (Annex W of the FX Manual in the latest version);
- b) Affidavit of Loss attesting to the following:
 - loss of the BSRD;
 - the reason/circumstances surrounding the loss;
 - affirmation that diligent search for the document/s declared lost has been done;
 - the investment remains intact and exists to date;
 - the outstanding balance of the investment;
 - the registration number/s and date/s; and
 - the number of shares registered under each registration and percentage of the foreign investment to the total shares subscribed and paid-up as applicable.
- c) Proof of authority from the non-resident investor/investee if the request and affidavit of loss are accomplished and signed by a duly authorized representative.

An application for replacement of lost BSRD may only be filed when:

- a) The BSRD was issued in original hardcopy before 27 March 2020 with no available softcopy of same (including attachment/s); and
- b) The BSRD issued in electronic form starting 27 March 2020 with no available softcopy and printed copy of same (including attachment/s).

30. *What are the requirements to support requests for reissuance of lost BSRD/s?*

Requests for reissuance of lost BSRD/s issued in electronic form starting 27 March 2020 shall be supported by:

- a) Covering letter/email containing attestation on the following:
 - the reason/circumstances surrounding the loss of the BSRD;
 - affirmation that diligent search for the document/s declared lost has been done;
 - the investment remains intact and exists to date;
 - the outstanding balance of the investment;
 - the registration number/s and date/s; and

- the number of shares registered under each registration and percentage of the foreign investment to the total shares subscribed and paid-up, as applicable.
- b) Proof of authority from the non-resident investor/investee if the covering letter/email and accompanying attestation is accomplished and signed by a duly authorized representative.

31. *What is the difference between the required authorization letter to transact business with the BSP when: (a) registering an investment; or (b) BSRD is lost?*

Application for registration of investment shall be supported by an *authority from the investor or investee* to transact on their behalf if the applicant is not the investor/investee.

On the other hand, the application for replacement/request for reissuance of lost BSRD shall be supported by an *authority from the non-resident investor/s* if: (i) the affidavit of loss (for replacement of lost BSRD); or (ii) the covering letter/email and accompanying attestation (for reissuance of BSRD), are accomplished and signed by the duly authorized representative of the investor or investee.

E. INQUIRY ON OUTWARD INVESTMENTS OF RESIDENTS

32. *Does the rule on outward investments by residents under Sections 43 and 44 of the FX Manual apply even if the issuer of the offshore instruments to be invested in is a resident?*

No. BSP regulations on outward investments by residents under Sections 43 and 44 of the FX Manual apply only if the issuer of the investment instrument is a non-resident.

However, AABs/AAB forex corps may still sell FX for a resident's investments in offshore instruments issued by another resident pursuant to the rules on resident-to-resident FX transactions under Part One, Chapter II of the FX Manual.

33. *What are considered outward investments by residents that may be funded using foreign currency to be purchased from AABs/AAB forex corps? What are the documents required for the purchase of foreign currency from AABs/AAB forex corps for outward investments by residents?*

Under Section 44 of the FX Manual, outward investments by residents that may be funded using foreign currency to be purchased from AABs/AAB forex corps are those investments by residents in any of the following instruments: (a) issued/created offshore by non-residents (except foreign currency deposit accounts offshore); and (b) issued/created onshore by non-residents requiring settlement in foreign currency, provided these are not contrary to applicable Philippine laws, rules and regulations. Such outward investments include, among others, purchase of real properties abroad by residents.

Resident purchasers of foreign currency must submit to the FX selling institution a duly accomplished Application to Purchase FX (Annex A of the FX Manual) and the documents listed under Appendix 1.4 of the FX Manual evidencing, among others,

the outward investment to be made under the name of the resident investor.

Resident investors may purchase FX in excess of the USD60 million annual threshold without prior BSP approval, provided that the investor shall submit to the BSP a notification (Annex U of the FX Manual) at least 15 banking days after determination that total FX requirements will exceed the threshold and present to the FX selling institution a copy of the notice acknowledged by the BSP.

F. INQUIRY ON CIRCULAR NO. 1192 DATED 11 APRIL 2024 (AMENDMENTS TO FOREIGN EXCHANGE REGULATIONS COVERING FOREIGN INVESTMENTS)

34. *What are the salient features of Circular No. 1192?*

- a) Allow foreign investments covered by Section 37 of the FX Manual to be registered upon reporting thereof by the registering AAB to the BSP;
- b) Dispense with the issuance of BSRDs for foreign investments registered with the BSP through AABs; and
- c) Streamline the reporting forms/procedures for foreign investments registered with the BSP through AABs.

35. *When is the effectivity date of Circular No. 1192?*

The effectivity of Circular No. 1192 is on 10 May 2024.

Upon the effectivity of this Circular until 30 September 2024, registering AABs shall continue to: (a) report the transactions of registered investments under Section 37 of the FX Manual using the old report forms (as of May 2023 version of the FX Manual); and (b) make the necessary preparations and adjustments to their systems and processes to ensure compliance with the new reporting guidelines.

The submission of the revised report forms commenced on 01 October 2024.

* Inquiries and other concerns regarding subject FAQs may be sent to:

The Head of the Department or
The Investment Management and Analytics Group (IMAG)
International Operations Department
3rd Floor, Room 301, 5-Storey Building
Bangko Sentral ng Pilipinas
1004 Manila
Email address: iod_investments@bsp.gov.ph