REGISTRATION OF FOREIGN INVESTMENTS
(source: Bangko Sentral ng Pilipinas)

The Foreign Investment Act of 1991 (FIA) defines the term ‘foreign investment’ as “an equity investment made by a non-Philippine national in the form of foreign exchange and/or other assets actually transferred to the Philippines.” (Section 3.c. of the FIA).

If the foreign exchange requirement needed to service the repatriation of capital and remittance of cash dividends/profits/earnings accruing on foreign investments will be sourced from authorized agent banks (AABs) or their affiliate/subsidiary foreign exchange corporations (AAB-forex corps), registration of the foreign investment with the Bangko Sentral ng Pilipinas (BSP) is required.

For purposes of registration with the BSP, foreign investments may be in the form of: (1) foreign direct investments in Philippine firms or enterprises; (2) investments in peso-denominated government securities; (3) investments in securities listed in the Philippine Stock Exchange (PSE); (4) investments in peso-denominated money market instruments; and (5) investments in peso time deposits with AABs with a minimum maturity of ninety (90) days.

Documentary Requirements for Registration of Foreign Investments

1. Foreign Direct Investments (FDIs) - may be in cash or in kind, where in kind assets include: (1) machinery and equipment; (2) raw materials, supplies, spare parts and other items including intangible assets necessary for the operations of the investee firm. The value of these investments in kind shall be assessed and appraised by the BSP before their registration. Expenses incurred by foreign firms pursuant to government-approved service contracts/other contracts for oil, gas, and geothermal energy exploration/developments may be capitalized and registered as foreign direct investment with the BSP. FDIs are directly registered by the BSP pursuant to Section 34 of the Manual of Regulations on Foreign Exchange Transaction (FX Manual) issued under Circular No. 645 dated 13 February 2009.

The application shall be filed directly with BSP, through the International Operations Department* together with the following supporting documents:

a. For cash investments
   i. Certificate of Inward Remittance (CIR) of foreign exchange and its conversion to pesos through an AAB (except for investments in banks where conversion to pesos is not required) in the prescribed format (Sample CIR and Guide/Instructions for Filling-Out CIR Form available at BSP); and
   ii. Sworn certification (BSP-suggested format) of the officer of the investee firm concerned attesting to the number of shares issued and amount paid for the investment.

b. For investments in kind
   i. Copies of shipping documents;
   ii. Copies of Bureau of Customs Import Entry and Internal Revenue Declaration (IEIRD); and
   iii. Sworn certification of the officer of the investee firm concerned attesting to the number of shares and amount paid for the investment (BSP-suggested format).
The value of investments in kind shall be assessed/appraised by the BSP before registration.

c. For investment in financial institutions that are supervised by the BSP, namely: banks and non-bank financial institutions performing quasi-banking functions
   - Clearance from the Supervision and Examination Sector of the BSP, in addition to the documentary requirements for investments in cash or in kind.

  d. For investments in the form of capitalized oil/gas/geothermal exploration expenditures
     i. Government-approved service contract/other contract; and
     ii. Copy of the Department of Energy (DOE)/National Power Corporation (NPC) letter-validation of expenditures showing, among others, the distribution of validated expenditures among the partners (if more than one) under the service contract/other contract.

e. Investments funded by foreign loan/s and other payables/obligations converted into equity
   i. Original CIR of foreign exchange and its conversion to pesos through an AAB in the BSP- prescribed format for foreign loans not registered with the BSP; or copy of BSP registration document (BSRD) for BSP-registered foreign loans;
   ii. Sworn certification from investee firm’s authorized officer attesting: (a) to the number of shares issued, amount paid for the investment and (b) that such investment was funded from foreign loans/payables/obligations converted to equity;
   iii. Deed of Assignment for the foreign loan/payables/obligations;
   iv. Latest audited financial statements of investee firm; and
   v. Articles of Incorporation of the investee firm.

f. Stock and/or property dividends accruing on BSP-registered investments in non-PSE-listed firms
   i. Copy of BSRD; and
   ii. Sworn certification signed by the investee firm’s authorized officer on the declaration of the stock and/or property dividend, including relevant excerpts of the covering Board Resolution.

g. Stock splits/reverse stock splits on BSP-registered investments in non-PSE-listed firms
   i. Copy of BSRD; and
   ii. Sworn certification signed by the investee firm’s authorized officer declaring the stock split/reverse stock split, including relevant excerpts of the covering Board Resolution.

2. Investments in Peso-denominated Money Market Instruments (MM Is) - directly registered with the BSP pursuant to Section 35.3 of the FX Manual

Investments in money market instruments, which refer to all peso-denominated debt instruments such as but not limited to bonds, bills payables, promissory notes (PNs), and non-participating preferred shares issued onshore by private resident firms, not covered by
Section 23 of the FX Manual, shall be registered directly with the BSP, thru the International Operations Department, supported by the following documents:

a. Original CIR of foreign exchange and its conversion to pesos through an AAB in the BSP- prescribed form; and


For bonds or PNs issued by private domestic firms that were purchased from local banks, the following additional documents shall be required:

a. Copies of bonds or PNs;

b. Purchase Price Letter/Agreement;

c. Deed of Assignment for the instruments;

d. Notice of Assignment of the instruments; and

e. Acknowledgment of receipt by the issuer of the instrument.

For foreign investments in non-participating preferred shares of Philippine investee enterprises, the following additional document/s shall be required:

- Purchase invoice, or subscription agreement and/or proof of listing in the local stock exchange for new/additional issues/stock rights.

3. Reinvestment of divestment/sales proceeds or dividends/profits/earnings pertaining to duly registered investments. (The documentary requirements are in lieu of the CIR and in addition to the required documentation listed above for each specific form/type of reinvestment)

For divestment/sales proceeds:

a. Original BSRD (for FDIs and peso-denominated MMIs that were fully sold; if sale is partial, a copy of the BSRD shall suffice);

b. Sworn certification signed by the original investee firm’s authorized officer attesting to the divestment/sale by the foreign investor; and

c. Proof of divestment/sale for direct investment/s; or

d. Matured contract/certificate of investment/proof of redemption for money market instruments.

For dividends/profits/earnings:

a. Copy of BSRD; and

b. Sworn certification signed by the investee firm’s authorized officer declaring the dividends or distribution of profits, including relevant excerpts of the covering Board Resolution; or

c. Proof of interest/coupon payments for investment/s in money market instruments.

4. Sale/transfer of registered investments to another foreign investor settled offshore in foreign exchange

a. Original BSRD;

b. Sworn certification from the authorized officer of the investee firm, attesting to the sale/transfer in the books of the investee firm of the investments from the existing non-resident investor to the new investor; and

c. Deed of Sale/Assignment.
Registration Procedure

A BSRD will be issued upon receipt and processing of the application, together with the required documents/information. Processing time for FDIs is five (5) to ten (10) banking days while the processing time for foreign investments in money market instruments is two (2) to five (5) banking days.

Registration of other Portfolio Investments [peso-denominated government securities, Philippine Stock Exchange (PSE)-listed securities and peso time deposits with tenor of at least 90 days] shall be registered with custodian banks which have been authorized by the BSP for the purpose, pursuant to Section 37 of the FX Manual issued under Circular No. 645 dated 13 February 2009. Applications for registration of these investments shall be supported with the following documents:

1. For investment in PSE-listed securities:
   a. Purchase invoice or subscription agreement and/or proof of listing in the local stock exchange for new/additional issues/stock rights;
   b. Original CIR of foreign exchange and its conversion to pesos through an AAB in the BSP- prescribed format;

2. For investments in government securities:
   a. Accredited dealer’s Confirmation of Sale;
   b. Original CIR of foreign exchange and its conversion to pesos through an AAB in the BSP- prescribed format;
   c. “Authority to Disclose Information” in the prescribed format;

3. For investments in peso time deposits: a. Certification of peso time deposit; b. Original CIR of foreign exchange and its conversion to pesos through an AAB in the BSP- prescribed format; and c. “Authority to Disclose Information” in the prescribed format.

Registration Procedures

A BSRD will be issued by the designated custodian bank upon receipt and processing of the required documents. Custody of the BSRD will remain with the custodian bank.

Documents Required for Sale of Foreign Exchange by AABs or AAB-forex corps for capital repatriation and remittance of dividends/profits/earnings on registered foreign investments

1. For Capital Repatriation of Portfolio Investments in:
   a. PSE-listed securities - BSRD or BSRD Letter-Advice* from the registering custodian bank and photocopy of broker's sales invoice (*Issued by the registering custodian bank to the investor or its authorized representative/broker authorizing them to purchase foreign exchange from AABs and AAB forex-corps for repatriation of capital and remittance of cash dividends/profits/earnings)
   b. Peso Government Securities - BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of Confirmation of Purchase for Peso Government Securities
c. Money Market Instruments - BSRD and photocopy of Matured Contract for the instruments

d. 90-day time deposits - BSRD or BSRD Letter-Advice from the registering custodian bank and photocopy of the matured Certificates of Deposit

2. For Capital Repatriation of Registered FDIs:

   a. BSRD;

   b. Photocopy of proof of sale or relevant documents showing the amount to be repatriated; in case of dissolution/capital reduction, proof of distribution of funds/assets such as statement of net assets in liquidation;

   c. Photocopy of clearance from appropriate department of the BSP-Supervision and Examination Sector (SES) (for banks), or from the Insurance Commission (for insurance companies), from the Department of Energy or from the National Power Corporation (for oil/natural gas/geothermal companies);

   d. Detailed computation of the amount applied for prepared by the selling stockholder’s representative in the BSP-suggested format;

   e. Photocopy of pertinent audited financial statements; and

   f. SEC clearance in case of dissolution.

3. For Remittance of dividends/profits/earnings/interests:

   a. BSRD or BSRD Letter-Advice;

   b. Photocopy of PSE-cash dividends notice and Phil. Central Depository (PCD) printout of cash dividend payment or computation of interest earned by the issuer of the instrument or bank;

   c. Photocopy of the sworn statement of the investee firm’s Secretary on the Board Resolution covering the dividend declaration;

   d. Photocopy of latest audited financial statements or interim financial statements covering the dividend declaration period (for direct foreign equity investments);

   e. For FDIs, photocopy of clearance from BSP-SES (for non-PSE listed banks), Insurance Commission (for insurance companies), Department of Energy or from the National Power Corporation (for oil/natural gas/geothermal companies); and

   f. Detailed computation of the amount applied for in the BSP-suggested format

Registration Procedure

The BSRD holder/his representative will present the required documents to the servicing AAB/AAB-forex corps and fill-up application form to purchase foreign exchange. In addition, the computation sheet form for the amount of foreign exchange requirements to be purchased shall be filled-up. The foreign exchange purchased shall then be immediately remitted abroad by the remitting AAB or deposited in the Foreign Currency Deposit Unit (FCDU) Account of the foreign investor (in the Philippines).

Where to Apply:
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