

[BSP CIRCULAR NO. 790, March 06, 2013]

MACRO-PRUDENTIAL MEASURE FOR HANDLING NON-DELIVERABLE FORWARDS INVOLVING THE PHILIPPINE PESO

The Monetary Board, in its Resolution No. 365 dated 28 February 2013, approved the following governing guidelines on the macro-prudential measure for handling non-deliverable forwards (NDFs) involving the Philippine Peso.

Section 1. Subsection X625.7 (2008-X602.19 of the Manual of Regulations for Banks (MORB), is hereby amended to read as follows:

"§ X625.7 **Non-deliverable forward contracts with non-residents involving the Philippine Peso.** NDF contracts ~~to sell FX to non residents~~ involving the Philippine Peso shall be covered by the provisions of ~~Subsection 1625.5~~ Appendix ____ of the MORB."

Section 2. Subsection 1625.5 (2008 - 1602) of the MORB, and Section 92 of the Manual of Regulations on Foreign Exchange Transactions requiring prior BSP clearance for forward contracts involving sale of foreign exchange to nonresidents with no full delivery of principal, including cancellations, rollovers/ renewals, are hereby deleted.

Section 3. Transitory Provisions. Banks which are presently in excess of the NDF exposure limits shall be given two (2) months from the effectivity of this circular to comply with the prescribed limits.

However, banks with Peso NDF exposures at the time this circular takes effect but do not have at least a Type 2 derivatives license are not allowed to enter into further Peso NDF exposures except to close out said positions. Banks must demonstrate to the appropriate unit of the Supervision and Examination Sector that transactions under this situation are meant to directly square existing positions.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.
Governor



Source: Supreme Court E-Library

This page was dynamically generated by the E-Library Content Management System (E-LibCMS)