

**[ BSP CIRCULAR NO. 135, July 22, 1997 ]**

**FORWARD CONTRACTS TO SELL FOREIGN EXCHANGE TO NON-RESIDENTS**

Pursuant to M.B. Resolution No. 902 dated July 21, 1997 in order to curb undue speculations in the foreign exchange market, all forward contracts to sell foreign exchange to non-residents (including offshore banking units) with no full delivery of principal, including cancellations, roll-overs/renewals thereof shall be submitted for prior clearance to the Bangko Sentral ng Pilipinas (BSP).

Applications for such clearance shall be coursed through the Foreign Exchange Department (FED) of the BSP and actual transactions duly reported to said department.

Only banks with expanded derivatives license issued under Circular 102 dated December 29, 1995 may enter into transactions covered by forward contracts within the purview of this Circular, subject to the prior clearance requirement hereof.

This Circular shall take effect immediately and shall be reviewed within a period of three (3) months from its effectivity.

Adopted: 22 July 1997

(SGD.) GABRIEL C. SINGSON  
*Governor*



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