



BANGKO SENTRAL NG PILIPINAS
OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2026-022

To : **All Authorized Agent Banks (AABs)**

Subject : **Reminder on Non-Deliverable Foreign Exchange (FX) Derivatives Transactions for the AAB's Own Account**

Under Circular No. 1212 dated 11 April 2025, the BSP amended FX regulations to broaden access to FX hedging instruments and enhance banks' ability to service customer requirements and transact in FX derivatives for their own account.

Item 2 of Section 88 of the Manual of Regulations on FX Transactions, which focuses on FX derivatives transactions for the banks' own account, emphasizes that AABs authorized to transact in non-deliverable FX derivatives are required to ensure that such instruments are used strictly for legitimate economic purposes.

In line with this, AABs are reminded that non-deliverable FX derivatives transactions for their own account involving the sale of FX against the Philippine Peso (PHP) by AABs to non-resident financial institutions shall have underlying economic purposes, such as hedging of their own investments. This type of non-deliverable FX derivatives transactions involving the sale of FX against the PHP that is not supported by specific, identifiable underlying exposures and documentation, particularly those for speculative positioning, directional peso exposure, or arbitrage-driven activities are not allowed.

All new contracts and/or renewals of non-deliverable FX derivatives involving the sale of FX against the PHP shall be in accordance with the foregoing guidance.

AABs are expected to maintain adequate internal controls, governance processes, and audit trails, including the necessary supporting documents, to ensure compliance.

For guidance and immediate compliance.


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