

622 FORWARD AND SWAP TRANSACTIONS

The guidelines governing the forward and swap transactions in Philippine peso are covered under the Manual of Regulations on Foreign Exchange Transactions.

Non-deliverable forward contracts involving the Philippine peso. NDF contracts involving the Philippines peso shall be covered by the provisions of *Appendix 104*.

Any violation of the provisions of *Appendix 104* shall constitute grounds for the imposition on the bank/director(s)/officer(s) of the following:

a. *First Offense*

- (1) Reprimand for the directors/officers responsible for the violation with a warning that subsequent violations will be subject to more severe sanctions.
- (2) Banks in breach of the limits shall be required to submit remedial plan to comply with the limits.

b. *Subsequent Offense* – Bank will be subject to any or all of the following, as may be recommended by the appropriate supervising department of the Bangko Sentral to the Monetary Board:

- (1) Restriction or prohibition on the bank from requesting new authority and/or licenses of any sort;
- (2) Restriction or prohibition on the bank from declaring dividends; and
- (3) Issuance of an order requiring the bank to cease and desist from conducting business in an unsafe or unsound manner and may further order that immediate action be taken to correct the conditions resulting from such unsafe or unsound banking.