FOREIGN EXCHANGE TRADING

This advisory is prompted by the complaints of retail investors who lost their moneys to forex trading notwithstanding the suspension of the commodities futures trading and the SEC rules in this jurisdiction.

Hence, the public is advised that TRADING OF COMMODITIES FUTURES CONTRACTS IN THE PHILIPPINES (including Foreign Exchange Trading as consistently held by the Commission) and the pertinent RULES ARE STILL SUSPENDED pursuant to Paragraph 4 of Rule II of the Amended Rules and Regulations implementing the Securities Regulation Code.

Based on the reports, huge amount of money has been invested (usually in US dollars) in forex trading corporations where investors opened margin accounts to enable them to trade in foreign currency. The so-called “experts” of the forex trading corporations execute foreign trade positions in behalf of the investors on the representation that investors shall gain profit as in the stock market.

It has to be reiterated that under Section 11 of the Securities Regulation Code “no person shall offer, sell or enter into commodity futures contract except in accordance with rules and regulations and orders the Commission may prescribe in the public interest”.

The investors should also take the cue from the ruling laid down in Onapal v. Court of Appeals (G.R. No. 90707, February 3, 1993) where the Supreme Court stated in this wise: “xxx The payments made under said contract were payments of difference in prices arising out of the rise or fall in the market price above or below the contract price thus making it purely gambling and declared null and void by law.”