



SECURITIES
CLEARING CORPORATION
OF THE PHILIPPINES

Memo for Brokers

No. 02-0118

For : All Clearing Members
Date : January 25, 2018
Subject : Change in the Clearing Fee

Annex 7 of the SCCP Clearinghouse Rules provides the schedule of fees, fines and penalties charged to Clearing Members. The present clearing fee, in particular, was approved by the SEC on April 14, 2005, and was made effective on May 2, 2005. Currently, the clearing fee consists of an *ad valorem* rate of 0.0001 or 1 basis point (VAT inclusive) based on gross trade value per month.

Please be advised that during its meeting held last December 13, 2017, the SCCP Board of Directors resolved to pass on the amount of the VAT to the Clearing Member, as is the practice of other VAT-registered entities who pass on the VAT to the end consumer. Moreover, the projected increase in expenses of SCCP relative to the acquisition and maintenance of the forthcoming new clearing and settlement system, as well as the transfer of SCCP offices to the new BGC building and assumption of occupancy costs thereon are substantial economic burdens the SCCP must bear to sustain quality clearing and settlement services to its members. Thus, the clearing fee will be revised to be one (1) basis point based on gross trade value, but *exclusive* of value-added tax (VAT).

In compliance with the directives of the Commission and Rule 39.1.6 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code on disclosure of schedule of fees and charges to clients and investors, we are hereby soliciting your comments before we submit our proposed revision of the clearing fee to the Securities and Exchange Commission (SEC) for approval. Kindly email your comments on the proposed revision no later than February 9, 2018, to any of the following:

Renee D. Rubio

Atty. Maria Juanita E. Cueto

Rhose B. Ojo

rdrubio@sccp.com.ph

mjcueto@sccp.com.ph

rbojo@sccp.com.ph

Once approved by the SEC, SCCP will be coordinating with the back-office system vendors to make the necessary changes in the Clearing Members' systems before implementing the revision in the clearing fee from being VAT inclusive to being **VAT exclusive**.

Thank you.

Noted by:

(Original Signed)

Renee D. Rubio

Chief Operating Officer

(Original Signed)

Ramon S. Monzon

President and CEO