



SECURITIES
CLEARING CORPORATION
OF THE PHILIPPINES

Memo for Brokers

No. 07-0823

For: All Clearing Members Concerned
Date: August 23, 2023
Subject: SEC-Approved Amendments to the SCCP Rules and Operating Procedures

Please be informed that the Securities and Exchange Commission approved the amendments to the Revised Clearinghouse Rules ("SCCP Rules") and the Revised Clearinghouse Operating Procedures ("SCCP Operating Procedures") of the Securities Clearing Corporation of the Philippines ("SCCP") relating to:

- I. Prohibition Against the Use of Other Clients' Shares Without Consent;
- II. Early Settlement of Buy-In/Sell-Out Transactions;
- III. Provision of Eligible Securities Collateral for the Mark-to-Market Collateral Deposit System and the Imposition thereof of Increased Haircut Rates (*as previously announced in Memo for Brokers No. 02-0223 dated February 10, 2023*);
- IV. Adjustment of Settlement Dates due to holidays and unexpected events; and
- V. Settlement of Multiple Trade Dates in one day.

The foregoing amendments to the SCCP Rules and SCCP Operating Procedures are attached as Annex "A" and are now in force and effect.

Please be guided accordingly.

(Original Signed)

Renée D. Rubio
Chief Operating Officer

**AMENDMENTS TO THE REVISED CLEARINGHOUSE RULES AND REVISED CLEARINGHOUSE
OPERATING PROCEDURES OF SECURITIES CLEARING CORPORATION OF THE PHILIPPINES
APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION**

I. Prohibition Against the Use of Other Clients' Shares Without Consent

SCCP Rule 2.3.5. Prohibition Against the Use of Other Clients' Shares Without Consent

Clearing Members warrant that they will only deliver securities to their respective Securities Settlement Accounts for the purpose of settlement, pursuant to their clients' instructions. For avoidance of doubt, Clearing Members shall not use the shares of another client for the settlement of a different client's securities obligations, unless duly authorized pursuant to a Securities Borrowing and Lending arrangement.

Any violation of the foregoing, based on the findings of CMIC, shall warrant the imposition of the prescribed penalties under Section 2.5.1 on Causes of Suspension or Termination.

II. Early Settlement of Buy-In/Sell-Out Transactions

A. Approved Amendment to the SCCP Rules for Sell-Out Transactions

6.2.5 Settlement of Sell-Out Transactions

Sell-Out Transactions shall be settled earlier than the regular settlement cycle as far as practicable. If such early settlement is not possible, then Sell-Out Transactions shall follow the regular settlement cycle.

B. Approved Amendment to the SCCP Operating Procedures for Sell-Out Transactions

3.8.3 Sell-Out

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~~The Sell Out transaction/s shall be entered into the PSE Trading System as a normal trade which shall undergo regular Settlement wherein Settlement Date shall take effect on T+3.~~

Sell-Out Transactions shall be settled earlier than the regular settlement cycle as far as practicable. If such early settlement is not possible, then Sell-Out Transactions shall follow the regular settlement cycle.

C. Approved Amendment to the SCCP Rules for Buy-In Transactions

6.3.5 Settlement of Buy-In Transactions

Buy-In Transactions shall be settled earlier than the regular settlement cycle as far as practicable. If such early settlement is not possible, then Buy-In Transactions shall follow the regular settlement cycle.

D. Approved Amendment to the SCCP Operating Procedures for Buy-In Transactions

3.8.4 Buy-In

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~~The Buy In transaction/s shall be entered into the PSE Trading System as a normal trade which shall undergo regular Settlement cycle wherein Settlement Date shall take effect on T+3.~~

Buy-In Transactions shall be settled earlier than the regular settlement cycle as far as practicable. If such early settlement is not possible, then Buy-In Transactions shall follow the regular settlement cycle.

III. Eligible Securities Collateral for the Mark-to-Market Deposit System and the Imposition of Increased Haircut Rates

SCCP Rule 8.1.8 Acceptable Collateral Deposits

SCCP shall accept collateral in the form of Cash and/or Securities. The value of the collaterals pledged should not be lesser than the value of the collateral requirement. Securities collateral shall be valued based on the last closing price. SCCP shall only accept Securities which are prescribed by SCCP as Securities acceptable as collateral based on criteria such as liquidity, activity and market capitalization. **Unless otherwise prescribed by the SCCP Board, securities that are acceptable as collateral are those comprising the PSEi, the PSE MidCap Index, the**

PSE Dividend Yield Index and the PSE shares. The list of acceptable Securities shall be reviewed every six (6) months, and such list shall be posted in the **PSE SCCP** website as soon as available.

For collateralization purposes and unless otherwise prescribed by the SCCP Board, securities that comprise the PSEi, the PSE MidCap Index and the PSE Dividend Yield Index shall be subject to a twenty five percent (25%) haircut based on their respective closing prices. All other shares acceptable as collateral shall be subject to a haircut of thirty five percent (35%) based on their respective closing prices.

IV. Adjustment of Settlement Dates due to Holidays and Unexpected Events

A. Approved Amendments to the SCCP Rules

4.7 Holidays

Upon the annual release of the proclamation by the Government of the official list of nationwide holidays for the succeeding year, SCCP shall post the corresponding announcement in the SCCP Website.

4.7.1 Adjustment of Settlement Dates Due to Holidays

With respect to the holidays declared by the Government, such as but not limited to the following, SCCP shall adjust the Settlement Dates of the affected Trade Dates following the rolling settlement cycle.

- (i) Regular National Holidays;
- (ii) Special Non-Working Holidays included in the official list of nationwide holidays; and
- (iii) Special Non-Working Holidays not included in the official list of nationwide holidays.

Announcement of the adjustment of the Settlement Dates in view of (i) and (ii) above shall be posted in the SCCP Website at least two (2) weeks before the occurrence of the holiday. Announcement of the adjustment of the Settlement Dates in view of special holidays not included in the official list of nationwide holidays shall be posted in the SCCP Website immediately after the announcement of the holiday but no later than 10:00 AM of the next business day.

4.8 Special Cases

4.8.1. In the event that the trading and settlement operations are cancelled on a given day due to an unexpected event, the Settlement Dates of the affected trades shall be adjusted following Section 4.7.1 of these Rules. Such events may be in the form of:

- (i) Natural Calamities or “Acts of God” resulting to the suspension of work, as proclaimed by the Government;
- (ii) Civil Disturbances or “Acts of Man” in the event that these disturbances will have a direct impact on the operations of SCCP; or
- (iii) Such other instances not covered by the SCCP Rules and Operating Procedures that may affect the SCCP Clearing and Settlement operations of SCCP.

Announcement of the cancellation of the day’s clearing and settlement and the adjustment of the Settlement Dates shall be posted in the SCCP Website immediately after the announcement of the cancellation but no later than 10:00 AM of the next applicable business day.

4.8.1 Cancellation of Settlement

If settlement of trades of a given day was cancelled for reasons stated above, the Settlement Dates of the affected unsettled Trade Dates shall be adjusted accordingly following the rolling settlement cycle.

B. Approved Amendments to the SCCP Operating Procedures

2.8 Holidays

With respect to Section 4.7 of the SCCP Rules, SCCP shall release a notification corresponding to the announcement by the Government of the official list of nationwide holidays for the succeeding year.

- (i) Regular Holidays;
- (ii) Special Non-Working Holidays included in the official list of nationwide holidays; and
- (iii) Special Non-Working Holidays not included in the official list of nationwide holidays.

2.8.1 Adjustment of Settlement Dates

SCCP shall adjust the Settlement dates of the affected Trade Dates following the rolling settlement cycle with respect to Section 4.7.

2.8.2 Notification

- A. SCCP shall notify the Clearing Members no later than 10:00 AM of the next business day following the announcement by the Government of the official list of nationwide holidays through a Memo for Brokers posted in the SCCP website and any other website as designated by the SCCP Board.
- B. SCCP shall also notify the Clearing Members of the adjustment of the Settlement Dates in view of (i) and (ii) above at least two (2) weeks before the occurrence of the holiday through a Memo for Brokers posted in the SCCP website and any other website as designated by the SCCP Board.
- C. Announcement of the adjustment of the Settlement Dates in view of (iii) above shall be posted immediately after the announcement of the holiday but no later than 10:00 AM of the next applicable business day through a Memo for Brokers posted in the SCCP website and any other website as designated by the SCCP Board.
- D. SCCP shall notify the Clearing Members about the adjusted SCCP dates through such other means as it may deem necessary such as but not limited to a facsimile notification, email notification, or such other acceptable and effective methods.
- E. The Clearing Members shall reproduce the Memo for Brokers and shall immediately provide their clients with the same notice, if necessary. Upon the Clearing Members' receipt of buy or sell orders from their clients, the Clearing Members shall exercise due diligence in informing their clients about the adjusted Settlement Date before executing such orders.

2.9 Special Cases

With respect to Section 4.8 of the SCCP Rules, settlement of the affected trades shall be adjusted following the rolling settlement cycle.

2.9.1 Notification

- A. Announcement of the adjustment of the Settlement Dates shall be posted immediately after the announcement of the cancellation of settlement operations but no later than 10:00 AM of the next applicable business day through a Memo for Brokers posted in the SCCP website and any other website as designated by the SCCP Board.
- B. SCCP shall notify the Clearing Members about the adjusted SCCP dates through such other means as it may deem necessary such as but not limited to a facsimile notification, email notification, or such other acceptable and effective methods.
- C. The Clearing Members shall reproduce the Memo for Brokers and shall immediately provide their clients with the same notice, if necessary. Upon the Clearing Members' receipt of a buy or sell orders from their clients, the Clearing Members shall exercise

due diligence in informing their clients about the adjusted Settlement Date before executing such orders.

V. Multiple Settlement of Trade Dates in One Day

A. Approved Amendments to the SCCP Rules

4.9. Multiple Settlement of Trade Dates in One (1) Day

If a trading day falls on a day when government offices are closed including the Bangko Sentral ng Pilipinas (BSP) payments and settlements (PhilPaSS) operations, and check clearing by the Philippine Clearing House Corporation (PCHC) is likewise suspended, the settlement date for that specific trading day will follow the regular settlement cycle which will coincide with the settlement date of trades done on the previous trading day. As a result, there will be one settlement day wherein trades for more than one trade date will be settled.

In case there will be more than two (2) consecutive days where there will be trading but no settlement, SCCP will distribute the settlement dates of the affected Trades in the succeeding settlement days such that there will only be a maximum of two (2) Trade Dates to be settled in one (1) day.

The procedures to be followed during a day when there are multiple settlements of Trade Dates shall be as prescribed in Section 2.10 of the Operating Procedures.

4.9.1 Effects on Mark-to-Market Computations and Obligation Report

The Mark-to-Market computations shall cover all unsettled Trade Dates as of computation date. The Obligation Report shall cover all unsettled Settlement Dates.

B. Approved Amendments to the SCCP Operating Procedures

2.10 Multiple Settlement of Trade Dates in One (1) Day

With respect to Section 4.9 of the SCCP Rules, SCCP shall perform settlement of two (2) Trade Dates in batches with the earlier Trade Date being settled as Batch 1 and the second Trade Date being settled as Batch 2.

The Settlement Deadline for Batch 1 shall be 11:00 AM of the adjusted Settlement Date while the Settlement Deadline for Batch 2 shall be 2:00 PM.

Processing for Batch 1 and Batch 2 shall follow the standard procedures under Section 2.5.4.1 and Section 2.5.4.2.

2.10.1 Notification

- A. Announcement of the adjustment of the Settlement Dates shall be posted immediately after the announcement of the cancellation of settlement operations but no later than 10:00 AM of the next applicable business day through a Memo for Brokers posted in the SCCP website and any other website as designated by the SCCP Board.
- B. SCCP shall notify the Clearing Members about the adjusted Settlement Dates through such other means as it may deem necessary such as but not limited to a facsimile notification, email notification, or such other acceptable and effective methods.
- C. The Clearing Members shall reproduce the Memo for Brokers and shall immediately provide their clients with the same notice, if necessary. Upon the Clearing Members' receipt of a buy or sell orders from their clients, the Clearing Members shall exercise due diligence in informing their clients about the adjusted Settlement Date before executing such orders.

2.10.2 Effect on the Mark-to-Market Computations

SCCP shall include all trading days with unsettled obligations in computing for the mark-to-market collateral deposit requirement.

2.10.3 Effect on the Obligation Report

SCCP shall include all trading days with unsettled obligations in the Obligation Report. All Clearing Members shall be required to generate the updated Obligation Report from the C&S System, which shall reflect all outstanding obligations and entitlements.