



For : All Clearing Members

Date : January 21, 2025

Subject : SEC Approval of Amendments to the SCCP Rules (Rules 3.4, 5.1.4, 6.2.8 and 7.6)

Please be informed that the Securities and Exchange Commission (“SEC”) approved the following amendments to the Revised Clearinghouse Rules of the Securities Clearing Corporation of the Philippines (“SCCP Rules”):

Rule 3.4 Allocation Algorithm

In effecting Settlement of its obligations to deliver Cash and Securities arising out of the settlement Contracts, SCCP may allocate Cash and Securities available to it to Clearing Members due to receive Cash and/or Securities in accordance with the an allocation algorithm **that is being implemented by the C&S System, as provided under Annex 11 of these Rules.** ~~that is based on the highest outstanding netted amounts to be received by the Clearing Members. A priority list will be set up according to this rule and the system will attempt to settle the largest outstanding netted amounts first, as provided in the Operational Procedures, or in such other manner as it considers appropriate.~~

SCCP may effect partial deliveries in respect of its obligations to deliver Securities arising out of Contracts.

ANNEX 11: ALLOCATION ALGORITHM

Pursuant to Rule 3.4 of the Rules, SCCP may allocate Cash and Securities available to it to Clearing Members due to receive Cash and/or Securities in accordance with the following allocation algorithm:

I. Price (First Order of Priority): SCCP shall settle first the highest buy price and lowest sell price.

II. Quantity (Second Order of Priority): If the prices of the securities are equal, SCCP shall settle the lowest quantity first.

III. Pseudo-Random Process: If the prices and quantities are equal, SCCP’s clearing and settlement system shall follow a pseudo-random process.

5.1.4 Build Up of the Clearing Fund

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(3) Notwithstanding the foregoing, SCCP may, with the approval of the Commission, in addition to the mandated contributions to the Clearing Fund as provided under this Rule, require all active Clearing Members to make supplemental contributions when, in SCCP's opinion, the size of the CTGF is no longer commensurate to a sustained increase in trade volume.

6.2.8 ~~6.1.7~~ Interest and Other Fees and Costs

The Defaulting Clearing Member shall bear all the costs, taxes and loss of interest earnings arising from the total advances from the Clearing Fund brought about by the pre-termination of SCCP's investment/s, which shall be used to settle the Failed Trade of such Defaulting Clearing Member. ~~shall bear interest based on the prevailing overnight borrowing rate of the Bangko Sentral ng Pilipinas, plus a spread as determined by the SCCP Board.~~

The total advances from credit facilities shall bear the applicable interest rate and other charges imposed by the lending bank.

The foregoing interest and other charges shall be imposed until the advances are fully paid, and shall be stipulated in the Demand Notice for payment to be issued by SCCP.

Any and all interests, fees, costs and other charges that may be due on the settlement of the Net Money Obligation herein shall be for the sole account of the Defaulting Clearing Member.

Rule 7.6 Risk Containment Measures

SCCP may, in its discretion, require Early Delivery (i.e., not later than SD-1) of the Cash or Securities obligations from one or more Clearing Members in the following situations:

- (1) when, in SCCP's opinion, unstable conditions exist or market conditions or price fluctuations relating to one or more securities at any time require Early Delivery to maintain an orderly market or to preserve financial integrity or to minimize the risk of default, in addition to the Mark-to-Market Collateral requirements under Rule 8;**
- (2) when SCCP believes that any Clearing Member is carrying exposure that:**
 - (a) is larger than is justified by the financial condition of that Clearing Member; or**
 - (b) places or may place SCCP at risk;**
- (3) where the Clearing Member is found to have a record of frequent rule violations or inadequate or unsound management or serious operational defects which, in SCCP's opinion, places or may place SCCP at risk;**
- (4) where market conditions or price fluctuations are such that SCCP deems it necessary, to call upon the Clearing Members whom it believes are affected by such conditions or fluctuations to follow any of the additional risk containment measures under this Rule as determined by SCCP; or**
- (5) when certain risk levels have been reached by a particular Clearing Member, as determined by SCCP.**

When SCCP determines that any of the foregoing risks are no longer present, SCCP shall lift the early delivery requirement.

Pursuant to Rule 1.4.3 of the SCCP Rules, the foregoing amendments to the SCCP Rules shall take effect immediately.

(ORIGINAL SIGNED)
RENÉE D. RUBIO
Chief Operating Officer