SECURITIES CLEARING CORPORATION OF THE PHILS.

CENTRAL CLEARING AND CENTRAL SETTLEMENT SYSTEM QUICK GUIDE

DECEMBER 02, 2009

(REVISED ON SEPTEMBER 22, 2010)

T A B L E   O F   C O N T E N T S

1.0 Instructions to be created

1.1 As a result of exchange trades

1.1.1 Cash

a. Net Due Clearing

CSD → Cash transfer → Book transfer creation
Source account :   Deposit Cash
Target account   :   Delivery Cash

b. Net Due Broker

CCH → CCH book transfer → CCH book transfer creation
Source account :   Receive Cash
Target account   :   Deposit Cash

1.1.2 Securities

a. Net Selling

CSD → Deposit management → Security transfer instruction creation
Source account :   Deposit LP/FP/LC/FC
Target account   :   Delivery LP/FP/LC/FC

b. Net Buying

CCH → CCH security transfer → CCH security transfer instruction creation
Source account :   Receive LP/FP/LC/FC
Target account   :   Deposit LP/FP/LC/FC

> ***Note:*** Security transfers from one deposit flag account to another deposit flag account, e.g.: from Deposit LC to Deposit FC, are not allowed since these are non-Exchange transactions.

1.2 To facilitate Upliftment, ATF and Off-Exchange Trade FROM the House Accounts in PDTC-eCS

1.2.1 Create security transfer instruction in CCCS

a. CSD (from portfolio):

Deposit management → Security transfer instruction creation
Source account :   Deposit LP/FP/LC/FC
Target account   :   Deposit LP/FP/LC/FC Free

b. CCH (from buying transactions):

CCH security transfer → CCH security transfer instruction creation
Source account :   Receive LP/FP/LC/FC
Target account   :   Deposit LP/FP/LC/FC Free

1.2.2 Execute the following instructions in the PDTC-eCS:

  a. Upliftment from the "FREE" account
  b. Selling Off-Exchange Trade using "FREE" as sub-account
  c. ATF using "FREE" as source sub-account

Examples:

1. To transfer bought shares from FC to HSBC Custodian

  a. Execute Security Transfer in CCH from Receive FC to Deposit FC Free
  b. Execute Selling Off-Exchange Trade for the FC account in PDTC using "FREE" as sub-account
  c. HSBC to execute normal Buying Off-Exchange Trade

2. To transfer shares from FC House portfolio to broker ABC

  a. Execute Security Transfer in CSD from Deposit FC to Deposit FC Free
  b. Execute Selling Off-Exchange Trade for the FC account in PDTC using "FREE" as sub-account
  c. Broker ABC to execute normal Buying Off-Exchange Trade

3. To transfer shares from AC House portfolio to another sub- account

  a. Execute Security Transfer in CSD from Deposit AC to Deposit AC Free
  b. Execute ATF in PDTC using "FREE" as source sub-account. Target account should be another sub-account.

1.3   To facilitate Lodgment, ATF and Off-Exchange Trades TO the House Accounts in eCS

No change. Any credit to the House accounts will automatically be reflected in the CCCS deposit accounts balances.

1.4   To withdraw cash from the Settlement Account (as needed)

1.4.1 For excess cash in the Settlement Account

CSD → Cash transfer → Wire transfer creation

1.4.2 For Net Due Broker proceeds (prior to sweep-out)

  a. Execute cash transfer from receiving account to deposit account

CCH → CCH book transfer → CCH book transfer creation

b. Execute wire transfer instruction

CSD → Cash transfer → Wire transfer creation

Note: Wire transfer instruction is used to instruct the Settlement Banks to transfer cash from the broker's Cash Settlement Account to a beneficiary account. The beneficiary account should be any regular working account (non-settlement and non-collateral), enrolled with the respective Settlement Bank.

1.5   To put up Collaterals (per requirement of the MMCD System)

1.5.1 Cash Collateral

a. Deposit cash in the Cash Collateral Deposit Account (CCDA) with the Settlement Bank

There is no need to create a collateral deposit instruction. The Settlement Bank will automatically confirm said deposit in the CCCS and will be reflected directly to the CCCS Cash Collateral Account of the broker.

b. To use excess cash in the Settlement Account (Due Clearing)

CSD → CSD collateral deposit → CSD collateral deposit creation
Source account : Deposit Cash
Currency code : PHP
Security code type : null
Security code : null

c. To use Due Broker Entitlement

CCH → Collateral management → Collateral deposit creation
Source account : Receive Cash
Currency code : PHP
Security code type : null
Security code : null

1.5.2 Securities Collateral

a. To use securities in the House/Deposit Accounts

CSD → CSD collateral deposit → CSD collateral deposit creation
Source account : Deposit LC/LP/FC/FP
Currency code : null
Security code type : local
Security code : e.g. PSE

    b. To use Due Broker Entitlement

        CCH → Collateral management → Collateral deposit creation
        Source account : Receive LC/LP/FC/FP
        Currency code : null
        Security code type : local
        Security code : e.g. PSE

1.6   To withdraw Collaterals

Collateral withdrawals are available only in the CCH Module. Only free collaterals can be withdrawn.

1.6.1 Collateral Refund/Excess Collaterals

1.6.1.1 Cash Collaterals

Over-the-counter (OTC) withdrawals or transfer instructions from the CCDA or via any available banking facility will not be allowed. Cash Collaterals can only be withdrawn through the CCCS.

    a. Execute a Collateral Withdrawal

        CCH → Collateral management → Collateral withdrawal creation
        Target account : Deposit Cash
        Currency code : PHP
        Security code type : null
        Security code : null

Note: Execution of a cash collateral withdrawal indicating the deposit cash account (Cash Settlement Account) as the target account will only transfer said cash from the collateral account to the deposit cash account.

If Wire Transfer Instruction is not executed, said cash will be credited back to the broker's Cash Settlement Account upon SCCP's sweep-out (bulk crediting) of cash from the system. After the sweep-out, brokers may withdraw the cash from the Cash Settlement Account via OTC withdrawal or any available banking facility.

To be able to withdraw the Cash Collateral before the sweep-out, execution of a wire transfer instruction to a working account is necessary.

b. Execute a Wire Transfer in the CSD module

CSD → Cash transfer → Wire transfer creation
Ordering account : Deposit Cash
Beneficiary institution : Settlement Bank
Beneficiary account : Designated working account (enrolled account)

Note: Upon a successful Wire transfer, the cash will be credited to the specified beneficiary account and OTC withdrawal with the Settlement Bank or use of any banking facility for withdrawal or transfer may be made.

1.6.1.2   Securities Collateral

a. Execute a Collateral Withdrawal

CCH → Collateral management → Collateral withdrawal creation
Target account : Deposit LC/LP/FC/FP
Currency code : null
Security code type : local
Security code : e.g. PSE

1.6.2   To fulfill Settlement Delivery Obligations

1.7.2.1   Cash Collaterals

a. Execute a Collateral Withdrawal

CCH → Collateral management → Collateral withdrawal creation
Target account : Delivery Cash
Currency code : PHP
Security code type : null
Security code : null

1.7.2.2   Securities Collaterals

a. Execute a Collateral Withdrawal

CCH → Collateral management → Collateral withdrawal creation
Target account : Delivery LC/LP/FC/FP
Currency code : null
Security code type : local
Security code : e.g. PSE

2.0   To cancel instructions

2.1   Cash

a. CSD

Cash transfer → Request for cancel → [Instruction type = "BTS" (Book transfer) or "WT" (Wire transfer)], [Value date] → Search

b. CCH

CCH book transfer → Request for cancel → [Value date] → Search

2.2   Securities

a. CSD

Deposit management → Request for cancel → [Instruction type = "Sectrans"], [Participant account], [Instruction effectivity date], [Security code] → Search

b. CCH

CCH security transfer → Request for cancel → [Participant account], [Instruction effectivity date], [Security code] → Search

2.3   Collateral Deposits/Withdrawals

a. CSD

CSD collateral deposit → Request for cancel → [Source account], [Settlement date] → Search

b. CCH

Collateral management → Request for cancel → [Instruction type = "COLDP" (Collateral deposit) or "COLW" (Collateral withdrawal)], [Settlement date] → Search

Note: Only instructions with "Ready for positioning" or "Failed" status can be cancelled. For incorrect entries with status still in the "To be checked/approved", the next level of user can just refuse said incorrect instructions. To cancel a specific instruction, click on the "External reference" of the instruction to be cancelled and click "Cancel entry" button. Just like any other instruction, a "Request for cancel" instruction should be duly approved to effect said cancellation.

3.0 Reports

3.1 To generate ad-hoc reports

CSD/CCH → Reports → On-request report creation → Search → [Choose Report type] → Validate

Note: See *Annex C* for the list of reports that can be generated.

3.2 To view generated reports

CSD/CCH → Reports → View /Save /Delete reports/files → [Category] → Search → View it

3.3 To save generated reports

CSD/CCH → Reports → View /Save /Delete reports/files → [Category] → Search → Get it → Save option → [Choose location]

3.4 To delete generated reports

CSD/CCH → Reports → View /Save /Delete reports/files → [Category] → Search → Check box → Delete button (bottom page)

4.0 To inquire the balances

CSD/CCH → Inquiries → Balance positions → [Account], [Currency/Security code]

5.0 To view the system messages

5.1 Collateral Requirement

CCH → New Message → Inbox → [Date], [Subject = "Collateral Requirement"]

5.2 Collateral Refund

CCH → New Message → Inbox → [Date], [Subject = "Collateral Refund"]

6.0   To inquire the status of the instructions

6.1   For all instructions except those pending checking/approval

CSD/CCH → Inquiries → Instructions → [Instruction type],
[Currency/Security code], [Settlement period]

6.2   For book transfer instructions

a. CSD

Cash transfer → Money transfer inquiry → [Instruction type = "BTS"],
[Value date]

b. CCH

CCH book transfer → CCH book transfer inquiry → [Value date]

6.3   For wire transfer instructions

CSD → Cash transfer → Money transfer inquiry → [Instruction type = "WT"],
[Value date]

6.4   For security transfer instructions

a. CSD

Deposit Management → Deposit management inquiry →
[Instruction type="SECTRS"], [Participant account],
[Instruction effectivity date]

b. CCH

CCH security transfer → CCH security transfer inquiry → [Participant account],
[Instruction effectivity date]

6.5   For collateral deposit instructions

a. CSD

CSD collateral deposit → CSD collateral deposit inquiry → [Settlement date]

b. CCH

Collateral management → Collateral management inquiry → [Instruction type
= "COLDP"], [Settlement date]

6.6   For collateral withdrawal instructions

a. CCH

Collateral management → Collateral management inquiry → [Instruction type = "COLDW"], [Settlement date]

7.0   Administrators

7.1   To create a group

CSD/CCH → Rights management → Groups → Create → [Group profile] → Validate → [Assign Rights]

7.2   To delete a group

CSD/CCH → Rights management → Groups → Delete → [Group profile] → Validate

7.3   To modify access rights of a group

CSD/CCH → Rights management → Groups → Modify → [Group profile] → [Modify Rights] → Validate

Note: To modify access rights of a user, modify the access rights of the group it is associated with or associate it to another group.

7.4   To create a user

7.4.1 Create the user profile

CSD/CCH → Rights management → Users → Create → [Enter user profile] → Validate

Take note of the PIN CODE and give it to the concerned user

7.4.2 Associate the user to a group so that the user will inherit all the group's access rights

CSD/CCH → Rights management → User/Group association → Add/Remove a user to/from a group → [Choose the Group profile] → [Choose Username] → Add

7.5   To delete a user

CSD/CCH → Rights management → Users → Delete → [Username] →   Validate

7.6   To modify daily authorized login time of a user

CSD/CCH → Rights management → Users → Modify → [Username] →
[Modify login time] → Validate

7.7   To reset a user

CSD/CCH → Rights management → Users → Reset → [Username]

Take note of the PIN CODE and give it to the concerned user

8.0   Other Matters

8.1   At *Start-of-Day (SOD)*, all balances in the PDTC-eCS House Accounts are transferred to a Nostro account thereby zeroing out the Brokers' House Accounts (PDTC's call for ease of monitoring). Brokers will have to use the CCCS to inquire on these balances.

> ***Note:*** All credits to the House Accounts will be immediately transferred to the Nostro account and will also be immediately reflected in the CCCS.

8.2   At *anytime during the day*, the Brokers' House Accounts in PDTC-eCS have zero balance.   No debit instructions from the House Accounts   shall   be allowed/processed.

Annex A: Instruction Status

STATUS CODE	STATUS DESCRIPTION
101	To be checked/approved
102	Ready for Positioning
103	Deleted (for Trade Deletion)
104	Deposited (for Security Deposits/Collateral Deposits)
105	Rejected
107	Overdue
108	Failed
109	Waiting for Confirmation (for Wire Transfers / Payment Orders)
112	Cancelled
113	Refused (for Wire Transfers / Payment Orders)
114	Withdrawn (For Collateral Withdrawals)
116	Settled
124	Netted (For uploaded trades and amendments)
132	Wired Out (for confirmed wire transfers)
135	Confirmed Debit (for Payment Orders)
137	Applied (for fund confirmations from SBanks)

Annex B: Instruction Types

	CODE	INSTRUCTION NAME	DESCRIPTION
CSD:			
	BTS	BOOK TRANSFER	Cash transfer
	CASH_SWPAI	SWEEPOUT	Bulk of payment orders
	CNF	CREDIT CONFIRMATION	Fund confirmation by the Settlement Bank
	COLDS	COLLATERAL DEPOSIT	Collateral deposit
	DCNF	DEBIT CONFIRMATION	Confirmation from the SBank that actual bank accounts have been credited
	DCONF	SECURITY DEPOSIT CONFIRMATION	Confirmation from PDTC of shares credited to the House accounts in eCS
	DREF	DEPOSIT/DEBIT REFUSAL	Refusal of SBank of cash credits/Refusal of PDTC of credit to the Free account
	SECTRS	SECURITY TRANSFER	Security transfer
	SYNC	SYNCHRONIZATION	Synchronize CCH module
	WT	WIRE TRANSFER	Instruct SBank to credit actual bank account
CCH:			
	BTP	BOOK TRANSFER	Cash transfer
	COLDP	COLLATERAL DEPOSIT	Collateral deposit
	COLW	COLLATERAL WITHDRAWAL	Collateral withdrawal
	INSED1	INTERNAL SE	SCCP debiting the delivery accounts
	INSER1	INTERNAL SE	SCCP crediting the receive accounts
	SECTRP	SECURITY TRANSFER	Security transfer
	SENM	NEGOTIATED MARKET	Block sales
	SERM	REGULAR MARKET	Regular trades
	SYNC	SYNCHRONIZATION	Synchronize CSD module

Annex C: Reports

	REPORT TYPE	DESCRIPTION
CSD:		
	Account Statement	Shows cash and securities balances (with movements) per account and their movement instructions
	Account Statement – All	Shows all cash and securities balances per account and their movement instructions
	Group List	Shows list of groups
	Group List with Users	Shows list of groups and the users associated to each group
	Instructions List	Shows summary of all instructions created
	Security Positions	Shows all the security balances in the Deposit, Delivery and Receive accounts that comprises the PDTC House account as of runtime
	Settlement Instructions	Shows the instructions entered/uploaded vs the net obligations (unsettled)
	T+2 Security Position Projection	Shows the long and short position for the next day's settlement using balances as of runtime
	T+3 Security Position Projection	Shows the long and short position for the current day's settlement using using balances as of runtime (unsettled)
	Users List with Groups	Shows all the users and the group they are associated with
	Users List	Shows list of users
CCH:		
	Daily Transaction Report	Shows all exchange trades
	Group List	Shows list of groups
	Group List with Users	Shows list of groups and the users associated to each group
	Obligation Report	Shows the net cash position and the net securities position on a per flag basis of unsettled trades
	Settlement Projection Report	Indicates the net deliverables for the current settlement date and the cash and securities position in the deposit and delivery accounts as of runtime
	Instructions List	Shows summary of all instructions created
	Settlement Instructions	Shows the instructions entered/uploaded vs the net entitlements (unsettled)
	Collateral Requirement Notice	Shows the broker's exposure for 3 days of unsettled trades
	Collateral Requirement (Detailed)	Shows details of the 3 days of unsettled trades
	Collateral Deposits	Shows summary and valuation of the deposited collaterals
	Users List with Groups	Shows all the users and the group they are associated with
	Users List	Shows list of users