



MEMORANDUM

CN - No. 2023-0031

THE PHILIPPINE STOCK EXCHANGE, INC.

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| <input type="checkbox"/> Listing | <input checked="" type="checkbox"/> Public Advisory |
| <input type="checkbox"/> Market Education | <input type="checkbox"/> Regulatory Updates |
| <input type="checkbox"/> Market Information | <input type="checkbox"/> TP Announcements |
| <input type="checkbox"/> Products and Services | <input type="checkbox"/> Others |

TO : ALL LISTED COMPANIES, THE INVESTING PUBLIC AND ALL MARKET PARTICIPANTS

DATE : June 23, 2023

SUBJECT : MIGRATION TO THE T+2 SETTLEMENT CYCLE

This is with reference to the Securities Clearing Corporation of the Philippines' ("SCCP") notice to all market participants dated June 13, 2023 (Memo No. 01-0623, the "SCCP Memo") regarding the migration to the T+2 settlement cycle from the current T+3 settlement cycle.

As provided in the SCCP Memo for Brokers 01-0623, a copy of which is attached and made an integral part hereof, SCCP is "targeting to migrate to the shortened T+2 settlement cycle effective trade date of August 24, 2023. With this, equities trades executed on August 24, 2023 will be settled on August 29, 2023, taking into consideration the national holiday on August 28, 2023 (National Heroes Day)."

In line with the foregoing and consistent with internationally accepted practices on the treatment of corporate actions, please note that the determination of the ex-rights date for corporate actions beginning the target effective date of August 24, 2023 will be one (1) trading day prior to the disclosed record date.

Consequently, the affected ex-rights dates of corporate actions which have been disclosed prior to the target effective date of the T+2 settlement cycle on August 24, 2023 will be adjusted accordingly. The Exchange will communicate directly with the affected listed companies for the submission of an amended disclosure in order to align the market calendar to reflect the updated ex-rights date.

The Exchange enjoins all market participants to make the necessary arrangements with the relevant financial intermediaries (e.g., transfer agents, custodians, etc.) as well as any other updates to their operational procedures and systems that might be affected by the change in the settlement cycle.

(Original Signed)
RAMON S. MONZON
President and CEO

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For : TO ALL MARKET PARTICIPANTS

Date : June 13, 2023

Subject : Migration to the T+2 Settlement Cycle

Please be advised that the Securities Clearing Corporation of the Philippines (“SCCP”) is targeting to migrate to the shortened T+2 settlement cycle **effective trade date of August 24, 2023**. With this, equities trades executed on August 24, 2023 will be settled on August 29, 2023, taking into consideration the national holiday on August 28, 2023 (National Heroes’ Day).

In order to transition to the new settlement cycle, the last T+3 trades executed on August 23, 2023 will be settled on August 29, 2023 and the first T+2 trades executed on August 24, 2023 will also be settled on August 29, 2023. After the August 29, 2023 settlement date, all trades will settle on a T+2 basis.

Below is the timeline of the pre-launch activities of SCCP and the relevant market participants/institutions:

I. Overall Timeline

Milestones	Responsible Party	Date
Working Group discussions	SCCP, PSE-IRD, PDTC, CB, BKR, TA	Ongoing up to July 28, 2023
Market Participant Activities		
SCCP Readiness	SCCP	December 2021 – July 2023
CMIC Readiness	CMIC	May – July 2023
Custodian Bank Client Readiness	CB	June – August 2023
Custodian Banks and Broker Readiness	CB/BKR	June – July 2023
Broker Readiness	BKR	June – July 2023
PDTC and Transfer Agents Readiness	PDTC/PASTRA	June – July 2023
Industry Wide Testing Cycle 1 and Industry Wide Testing Cycle 2	SCCP, PDTC, CB, BKR, SB	July 29 – August 7 2023
Go-Live: First Trade Date (T+2)	ALL	August 24, 2023
Day 1: First Settlement Date (T+2) Last Settlement Date (T+3)	SCCP/ALL	August 29, 2023

II. Per Market Participant Timeline

Market Participant Activities	Responsible Party	Target Date
SCCP Readiness	SCCP	
<ul style="list-style-type: none"> Submission of revised rules 		December 2021
<ul style="list-style-type: none"> Industry Wide Testing for settlement of multiple trade dates in one (1) day 		October 8, 2022 December 17, 2022
<ul style="list-style-type: none"> Meetings and forums with market participants 		Ongoing
<ul style="list-style-type: none"> Secure SEC approval of the transitory measure for the extension of settlement deadline from 12NN to 12:30PM limited to the first two weeks of implementation from August 29, 2023 - September 11, 2023. 		Letter to SEC will be sent within June 2023
<ul style="list-style-type: none"> Finalize Business Continuity Plan for Day 1 (with the first T+2 settlement and last T+3 settlement) 		June – July 2023
<ul style="list-style-type: none"> Alignment of relevant internal procedures with the new settlement cycle. 		Done
<ul style="list-style-type: none"> Configuration and testing of clearing and settlement system for T+2. No customizations on the SCCP system will be required for the change in settlement cycle. 		June – July 2023
CMIC Readiness	CMIC	May 2023
<ul style="list-style-type: none"> Submission of revised rules 		Done
<ul style="list-style-type: none"> Submission of recommendations to the RBCA template 		Done
<ul style="list-style-type: none"> Submission of broker feedback 		Done
Custodian Bank Client Readiness	CB	June – August 2023
<ul style="list-style-type: none"> Official notification of Custodians to clients of the migration to T+2 		
<ul style="list-style-type: none"> Configuration and testing of Custodian Banks' client systems 		
Joint Readiness Activities of Custodian Banks and Brokers	CB/BKR	June – July 2023
<ul style="list-style-type: none"> Streamline processes for pre-matching of client instructions between Brokers and Custodian Banks. 		
<ul style="list-style-type: none"> Rationalize funding and settlement processes 		
Broker Readiness	BKR	June – July 2023
<ul style="list-style-type: none"> Notification to clients of the migration to T+2 		

Market Participant Activities	Responsible Party	Target Date
• Update RBCA template.		
• Update forms and client agreements		
• Update systems to align with T+2		
• Conduct internal testing		
PDTC Readiness and Transfer Agent Readiness	PDTC/PASTRA	June – July 2023
• Determination of stockholders on record for the computation of entitlements		

Please make the necessary announcements to your clients and continue with your preparations for the migration to T+2 settlement cycle, including customizations to your back-office systems and updates to your operational procedures that will be impacted by the change in the settlement cycle.

The Working Groups for Settlement Operations between Custodian Banks and Brokers should exert utmost efforts to align their pre-matching processes with the shortened T+2 settlement cycle, determine new cut-off times for funding and settlement, as well as undertake all other necessary preparations consistent with the above timeline with the end objective of meeting SCCP's settlement deadline when we migrate to the shortened T+2 settlement cycle. Similarly, the Working Groups for Corporate Action should also exert their utmost efforts to resolve issues affecting entitlement calculation and claims processing consistent with the above timeline.

For comments/feedback, please email the undersigned at rdrubio@sccp.com.ph, copy furnished msrd_covid19@sec.gov.ph, vgpfelizmenio@sec.gov.ph, eavalencia@sec.gov.ph and mrgarcia@sec.gov.ph.

Thank you for your usual support and cooperation.

(Original Signed)
RENEE D. RUBIO
 Chief Operating Officer