

CMIC Guidelines on Trading of Dollar Denominated Securities

Background

1. The PSE Rules on Dollar Denominated Securities (DDS) was approved by the Securities and Exchange Commission in its letter dated 11 November 2016.
2. The DDS Rules have effect on the back end operations of TPs.
3. The current CMIC Rules cover DDS. However, there is a need to issue guidelines in order to synchronize the back end operations of TPs

Salient Features of CMIC Guidelines

1. All transactions of a TP should be reflected in a consolidated trial balance in Philippine Peso (PhP).
2. DDS transactions of clients should be recorded in a “sub-ledger”, which is separate from the PhP transactions.
3. Two statements of account should be sent to the client - one for DDS and the other for the PhP transactions.

Salient Features of CMIC Guidelines

4. The DDS transactions should be recorded in a separate trial balance denominated in USD. At end of the day, the DDS trial balance will be translated to PhP using the end of day exchange rate. This will be added to the PhP trial balance to come up with the consolidated trial balance.
5. The consolidated trial balance will be the basis for the preparation of the RBCA report.

Salient Features of CMIC Guidelines

6. The TP must have a separate reserve bank account denominated in USD. The computation of the reserve requirement will be in accordance with the CMIC Rules in relation to SEC Memo No. 16, series of 2004.

Thank you.

