



# Clearing and Settlement Of Dollar Denominated Securities

TP Training  
December 2016



**Existing SCCP Rules and Operating Procedures that have been duly approved by the Securities Exchange Commission governing Peso-denominated trade transactions shall apply, insofar as the same are not inconsistent with the Rules and Operating Procedures for the clearing and settlement of Dollar Denominated Securities (DDS).**



## **Clearing and Settlement**

- ❖ **Settlement Bank : BDO Unibank, Inc.**
- ❖ **Settlement Deadline : 12:00 NN of T+3**
- ❖ **Settlement Currency : US Dollar (USD)**
- ❖ **Settlement processing:**
  - **Cash - shall be handled outside of CCCS; no CCCS cash transfer instruction is necessary**
  - **Securities - shall be handled using CCCS, in the same manner and procedures as the settlement of Peso-denominated securities**



## Required Bank Accounts:

- ❖ Foreign Currency Deposit Unit (FCDU) account with any of the commercial banks which shall serve as the operating account
- ❖ Clearing Members will be required to open the following FCDU accounts with the designated settlement bank:
  - Cash Settlement Account
  - Cash Collateral Account



## Reminders

- ❖ USD funds deposited in the Cash Settlement Accounts and Cash Collateral Accounts should be good, cleared funds.
- ❖ USD notes deposited on the same day as the deadline may not necessarily denote good cleared funds as deposits of these USD notes may be subject to clearing by the settlement bank.
- ❖ Fund transfers via the PDDTS should be done the day prior to settlement date.



**Circular 925**

**Chapter II : Resident to Resident  
Transactions**

**Authorized Agent Banks (AAB) and AAB-affiliate forex corporations may sell foreign exchange (regardless of amount) to non-bank residents for their foreign exchange transactions with other residents subject to the submission to the foreign exchange selling institution of a duly accomplished Application to Purchase and supported by documents.**



# Amendments to Foreign Exchange Regulations

## Circular 925

### Chapter II : Resident to Resident Transactions

#### ANNEX A

(As amended by Circular No. 698 dated 05 November 2010, Circular No. 794 dated 18 April 2013, and Circular No. 925 dated 13 September 2016)

#### APPLICATION TO PURCHASE FOREIGN EXCHANGE\*

Reference No. \_\_\_\_\_

TO: \_\_\_\_\_  
 \_\_\_\_\_  
 (Name of AAB/AAB-forex corp)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Address)

I/We hereby apply to purchase foreign exchange with the following details:

**APPLICANT:**

Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Tel. No./Fax No./Email Address: \_\_\_\_\_  
 Tax Identification No. : \_\_\_\_\_  
 SSS/GSIS/Voter's ID No./Driver's License No. : \_\_\_\_\_  
 (For individuals; please underline the appropriate ID used) : \_\_\_\_\_  
 Residency (please check appropriate box) :  Resident  Non-resident

AMOUNT (in words) APPLIED FOR (indicate foreign currency) : \_\_\_\_\_

AMOUNT (in figures) : \_\_\_\_\_



## Amendments to Foreign Exchange Regulations

### Circular 925

### Chapter II : Resident to Resident

**PURPOSE:** (please check appropriate box)

<input type="checkbox"/> Trade (payment for importations) <input type="checkbox"/> Inward Foreign Investments by Non-Residents <sup>1</sup> <input type="checkbox"/> Repatriation of Capital <input type="checkbox"/> Remittance of Profits/Dividends/Earnings <input type="checkbox"/> Remittance in foreign exchange equivalent of peso funds (funded by foreign exchange remittance) in excess of investments made in the Philippines <input type="checkbox"/> Outward Investments by Residents: <input type="checkbox"/> Direct Investment (Equity Capital) <input type="checkbox"/> Debt Securities <input type="checkbox"/> Equity Securities <input type="checkbox"/> Mutual Funds (MFs)/Unit Investment Trust Funds (UITFs) <input type="checkbox"/> Intercompany Loans <sup>2</sup> <input type="checkbox"/> Purchase of real property abroad, including condominium units <input type="checkbox"/> Foreign currency-denominated investment instruments issued onshore by non-residents <input type="checkbox"/> Resident to resident transactions: <input type="checkbox"/> Obligations payable to residents <input type="checkbox"/> Resident investments in instruments (including time deposits with at least 90-day maturity but excluding other bank deposits such as savings and demand): <input type="checkbox"/> Issued by other residents <i>Please specify:</i> _____ <input type="checkbox"/> Held for sale/trading by banks operating in the Philippines, regardless of issuer <input type="checkbox"/> Others (Please specify) _____	<input type="checkbox"/> Foreign/foreign currency loans <sup>1</sup> <input type="checkbox"/> Owed to Non-residents <input type="checkbox"/> Owed to Offshore Banking Units <input type="checkbox"/> Owed to residents (FCDUs/EFCDUs) <input type="checkbox"/> Prepayment <input type="checkbox"/> Regular Payment Debt Account No.: _____ <input type="checkbox"/> Principal _____ <input type="checkbox"/> Interest _____ <input type="checkbox"/> Fees _____ <input type="checkbox"/> Others <input type="checkbox"/> Services <input type="checkbox"/> Others (Please specify) _____ <sup>3</sup> <input type="checkbox"/> Non-merchandise Insurance <input type="checkbox"/> Premiums <input type="checkbox"/> Claims/payables <input type="checkbox"/> Passenger Tickets <input type="checkbox"/> Travel Expenses <input type="checkbox"/> Commissions <input type="checkbox"/> Professional/Management Fees <input type="checkbox"/> Royalties <input type="checkbox"/> Income Payment <sup>4</sup> <input type="checkbox"/> Transfers (e.g., grants, donations) <input type="checkbox"/> Conversion to foreign exchange of peso deposit accounts of non-residents
--	--

**FOREIGN EXCHANGE DISPOSITION:** (please check appropriate box)

<input type="checkbox"/> <b>FOR DIRECT REMITTANCE</b> <input type="checkbox"/> Full Amount: _____ <input type="checkbox"/> Partial Amount: _____	<input type="checkbox"/> <b>FOR CREDIT TO FCDU ACCOUNT</b> Account No.: _____ <input type="checkbox"/> Full Amount: _____ <input type="checkbox"/> Partial Amount: _____
--	---

**BENEFICIARY:** (Except for travel purpose, medical expenses not yet incurred and sales proceeds of emigrant's domestic assets if emigrant is still in the country)

Name : \_\_\_\_\_  
Address : \_\_\_\_\_

I hereby certify that no foreign exchange has been purchased either on spot or deliverables forward basis and/or no swap contract/s has/have been entered into covering the same underlying transaction and that the foregoing information are true and correct.

\_\_\_\_\_  
Date of Application

\_\_\_\_\_  
Signature Over Printed Name





## Amendments to Foreign Exchange Regulations

### Circular 925

### Chapter II : Resident to Resident Transactions

#### **APPENDIX 1**

Page 1 of 10

(As clarified by Circular Letter No. CL-2010-009 dated 5 February 2010, and amended by Circular No. 698 dated 05 November 2010; Circular No. 742 dated 21 November 2011, Circular No. 794 dated 18 April 2013, Circular No. 815 dated 18 October 2013, Circular No. 818 dated 06 November 2013, Circular No. 874 dated 8 April 2015, and Circular No. 925 dated 13 September 2016)

#### **Minimum Documentary Requirements<sup>1</sup> for the Sale of Foreign Exchange<sup>2</sup> by Authorized Agent Banks (AABs)/AAB-Forex Corps**

#### **I. For Resident to Resident Foreign Exchange Transactions under Chapter II of Part One of the Manual, requiring settlement in foreign currency**

<b>Purpose</b>	<b>Documents Required (ALL ORIGINALS EXCEPT AS INDICATED)<sup>3</sup></b>
1. Obligations/payables to residents	a. Copy of the contract/agreement or equivalent document evidencing the obligation/payable to resident, including those covering transactions between residents; and
2. Resident investments in instruments (including time deposit with at least 90-day maturity but excluding other bank deposits such as savings and demand) that are: a. Issued by other residents; or b. held for sale/trading by banks operating in the Philippines, regardless of issuer.	b. Billing statement/invoice/proof of amount due or any equivalent document showing amount required/due.
3. Transactions related to trading of foreign currency-denominated investment instruments (e.g., funding of cash collateral accounts, settlement of cash falls)	



## Amendments to Foreign Exchange Regulations

### Circular 925

### Chapter II : Resident to Resident Transactions

All foreign exchange purchases shall either be:

Remitted directly to the intended resident beneficiary's account on the date of purchase; or

Credited to the resident

purchaser's FCDU account for eventual remittance by the depository AAB to the intended beneficiary for the declared

purpose



## Mark-to-Market Collateral Requirement

- ❖ Computations shall be separate from the computations for the MMCD requirements for Peso-denominated securities
- ❖ Acceptable Collaterals:
  - Cash (US Dollar)
  - Early Delivery of DDS shares causing the negative exposure
- ❖ Collateral Deposits
  - Deadline for cash collaterals is 12:00 NN of Computation Date + 1
  - Deadline for early delivery is T+2



# Mark-to-Market Collateral Requirement

## ❖ Collateral Withdrawal

- Deadline for submission of the Notice of Withdrawal of excess cash collaterals is 12:00 NN (in lieu of the CCCS Collateral Withdrawal instruction).
- Any withdrawal request made after the 12:00 NN deadline will not be honored.



## Reports and CCCS System Messages

- ❖ The following reports shall be available in CCCS for DDS transactions:
  - Obligation Report
  - MMCD Collateral Requirement Notice
- ❖ A separate system message for MMCD of DDS transactions shall be provided in CCCS.
- ❖ The MMCD Collateral Detail Requirement (“Detailed”) Report shall only be available upon request to SCCP.



## **Fees and Penalties**

**The following shall be paid in Philippine pesos, using the same method and rate as with the Peso-denominated securities. The Philippine peso equivalent of the fees and penalties shall be computed using the PDEX closing USD exchange rate on transaction date:**

- ❖ SCCP Service Fees**
- ❖ Contribution to the Clearing and Trade Guaranty Fund (CTGF)**
- ❖ Fines and penalties for late deliveries and settlement fails**



**THANK YOU**

---