

Dollar Denominated Securities

Reports, Back Office Applications and Operational
Readiness



THE PHILIPPINE
STOCK EXCHANGE
INC.

Presentation Outline

- ❖ **Impact of DDS Implementation**
 - **End-of-day (EOD) Reports**
 - **PSE Back-Office Applications**
- ❖ **Guidelines on TPs Operational Readiness**

Impact of DDS Implementation

Broker End-of-Day (EOD) Reports


Report	Description of Impact
Consolidated Trade File (CTF)	<ul style="list-style-type: none">No impact. For dollar denominated securities, CTF will display the values of the following fields as traded in the trading engine:<ul style="list-style-type: none">Price/ValueAmount



Microsoft Excel
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Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
ABC Report	<ul style="list-style-type: none">• Two (2) ABC Reports will be generated:<ul style="list-style-type: none">▪ <u>ABC Report containing PHP Denominated Securities transactions</u><ul style="list-style-type: none">– will be generated with other Broker End-Of-Day (EOD) Reports not later than 4:15pm.▪ <u>ABC Report containing DDS transactions</u><ul style="list-style-type: none">– will display information relating to the obligations of the broker for all dollar denominated securities– will be generated around 4:30pm to 4:45pm  <p data-bbox="1336 1208 1754 1236">00120160718_ABC_DDS.txt.txt</p>


Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
ABC Report	<ul style="list-style-type: none"><li data-bbox="467 464 1779 644">• Exchange rate that will be used to compute Total DDS Transaction Fee Due converted to PHP is the closing price of the trading date.


Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
Daily Transaction Report (DTR)	<ul style="list-style-type: none"><li data-bbox="467 464 1603 578">• DTR will contain separate sections for PHP Denominated Securities and DDS<li data-bbox="467 649 1748 835">• The DDS section will display information related to the transactions of the broker for all dollar denominated securities. <div data-bbox="1362 963 1425 1039"></div> <p data-bbox="1207 1049 1584 1078">DTR TEXT FILE SAMPLE.txt</p>

Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
Quote File	<ul style="list-style-type: none"><li data-bbox="465 529 1715 644">• No impact. For dollar denominated securities, values will be displayed in USD. <div data-bbox="1445 682 1644 815"><p data-bbox="1445 758 1644 815">Microsoft Excel ma Separated Valu</p></div>

Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
Daily Quotation Report (DQR)	<ul style="list-style-type: none">• DQR will have an additional main sector named “DOLLAR DENOMINATED SECURITIES” which will be displayed after “EXCHANGE TRADED FUNDS”.• DDS Total Value will remain in USD.• The TOTAL MAIN BOARD VALUE will be in PHP and will include DDS transactions.• Exchange rate in converting DDS values in PHP will use the FX close price of the previous trading date.

Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Sample

DOLLAR DENOMINATED SECURITIES										
Name	Symbol	Bid USD	Ask USD	Open USD	High USD	Low USD	Close USD	Volume	Value, USD	Net Foreign Buying/(Selling), USD
ABC COMPANY	ABC DDS	10.00	10.00	10.00	10.00	10.00	10.00	10,000	100,000	10,000
DDS TOTAL					VOLUME :		10,000	VALUE :		100,000
TOTAL MAIN BOARD					VOLUME :		2,011,450,684	VALUE :		Php8,610,226,410

Note: Total Main Board includes DDS transactions converted to Philippine peso based on previous day exchange rate. (USD 1 = PHP 47.060)

Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact																		
Daily Quotation Report (DQR)	<ul style="list-style-type: none">• ODD LOT VALUE and BLOCK SALE VALUE shall include odd lot values and block sale values for DDS converted in PHP. <table border="1" data-bbox="788 668 1479 1125"><tbody><tr><td>NO. OF ADVANCES:</td><td>108</td></tr><tr><td>NO. OF DECLINES:</td><td>71</td></tr><tr><td>NO. OF UNCHANGED:</td><td>43</td></tr><tr><td>NO. OF TRADED ISSUES:</td><td>220</td></tr><tr><td>NO. OF TRADES:</td><td>99,608</td></tr><tr><td>ODDLot VOLUME:</td><td>223,254</td></tr><tr><td>ODDLot VALUE:</td><td>Php5,009,288.90</td></tr><tr><td>BLOCK SALE VOLUME:</td><td>7,932,118</td></tr><tr><td>BLOCK SALE VALUE:</td><td>Php754,564,245.55</td></tr></tbody></table>	NO. OF ADVANCES:	108	NO. OF DECLINES:	71	NO. OF UNCHANGED:	43	NO. OF TRADED ISSUES:	220	NO. OF TRADES:	99,608	ODDLot VOLUME:	223,254	ODDLot VALUE:	Php5,009,288.90	BLOCK SALE VOLUME:	7,932,118	BLOCK SALE VALUE:	Php754,564,245.55
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Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact																																																
Daily Quotation Report (DQR)	<ul style="list-style-type: none">Separate section for DDS BLOCK SALES. Same columns as PHP denominated securities will be maintained. <table border="1"><thead><tr><th>SECURITY</th><th>PRICE, Php</th><th>VOLUME</th><th>VALUE, Php</th></tr></thead><tbody><tr><td>SMPH</td><td>21.2410</td><td>4,841,500</td><td>102,838,301.50</td></tr><tr><td>TEL</td><td>1,821.3293</td><td>20,985</td><td>38,220,597.46</td></tr><tr><td>ICT</td><td>63.7139</td><td>400,000</td><td>25,485,580.00</td></tr><tr><td>MBT</td><td>77.3014</td><td>410,410</td><td>31,725,287.57</td></tr><tr><td>SM</td><td>900.2341</td><td>25,000</td><td>22,505,852.50</td></tr><tr><td>BDO</td><td>100.0488</td><td>295,920</td><td>29,606,440.90</td></tr><tr><td>SECB</td><td>141.8388</td><td>200,000</td><td>28,367,380.00</td></tr><tr><td>ALI</td><td>33.6798</td><td>717,800</td><td>24,175,360.44</td></tr><tr><td>JFC</td><td>225.8535</td><td>116,893</td><td>26,400,693.18</td></tr></tbody></table> <table border="1"><thead><tr><th>SECURITY</th><th>PRICE, USD</th><th>VOLUME</th><th>VALUE, USD</th></tr></thead><tbody><tr><td>ABC DDS</td><td>10.00</td><td>903,610</td><td>9,036,100.00</td></tr></tbody></table> <p><i>Note: Oddlot and Block Sale include DDS transactions converted to Philippine peso based on previous day exchange rate.</i></p>	SECURITY	PRICE, Php	VOLUME	VALUE, Php	SMPH	21.2410	4,841,500	102,838,301.50	TEL	1,821.3293	20,985	38,220,597.46	ICT	63.7139	400,000	25,485,580.00	MBT	77.3014	410,410	31,725,287.57	SM	900.2341	25,000	22,505,852.50	BDO	100.0488	295,920	29,606,440.90	SECB	141.8388	200,000	28,367,380.00	ALI	33.6798	717,800	24,175,360.44	JFC	225.8535	116,893	26,400,693.18	SECURITY	PRICE, USD	VOLUME	VALUE, USD	ABC DDS	10.00	903,610	9,036,100.00
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Impact of DDS Implementation

Broker End-of-Day (EOD) Reports

Report	Description of Impact
Daily Quotation Report (DQR)	<ul style="list-style-type: none"><li data-bbox="469 464 1705 578">• The following totals will include values for DDS but converted to PHP:<ul style="list-style-type: none"><li data-bbox="542 654 1025 696">▪ <i>Grand Total Value</i><li data-bbox="542 715 942 758">▪ <i>Foreign Buying</i><li data-bbox="542 776 933 819">▪ <i>Foreign Selling</i><li data-bbox="542 838 896 881">▪ <i>Total Foreign</i> <p data-bbox="1445 792 1673 829">DQR Sample</p>  <p data-bbox="1474 933 1640 985">Adobe Acrobat Document</p>

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Amendment	<ul style="list-style-type: none"><li data-bbox="600 468 948 518">• No impact.<li data-bbox="600 594 1769 768">• DDS transaction can be amended and will follow current trading rules for amendments.<li data-bbox="600 843 1789 1018">• The displayed price for DDS transactions will remain in USD. There will be no conversion to PHP.

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Unbundling	<ul style="list-style-type: none">• No change in the batch file.• Price for DDS transactions will remain in USD. There is no conversion to peso.• The unbundled trade file will also have no change.

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Weekly Tax Report	<ul style="list-style-type: none"> The Summary of Sales transactions for the PSE Data will contain peso and dollar denominated securities

Date	Peso Securities					Dollar Denominated Securities					Total Tax Due for Peso Securities and DDS (in PHP)
	Purchases	Sales			Tax Due (in PHP)	Purchases	Sales			Tax Due (in PHP)	
		Exempt	Taxable	Total			Exempt	Taxable	Total		
08-Feb-16	38,008,068.71	1,330,000.00	37,998,642.99	39,328,642.99	189,993.21	10.00	5.00	11.00	16.00	2.63	189,995.84
09-Feb-16	38,008,068.71	1,330,000.00	37,998,642.99	39,328,642.99	189,993.21	20.00	6.00	12.00	18.00	2.86	189,996.08
10-Feb-16	62,943,886.52	2,298,478.00	14,084,047.16	16,382,525.16	70,420.24	30.00	7.00	15.00	22.00	3.56	70,423.80
11-Feb-16	48,981,746.90	5,262,800.00	19,053,452.50	24,316,252.50	95,267.26	10.00	8.00	16.00	24.00	3.80	95,271.06
12-Feb-16	47,836,425.54	7,455,950.00	41,271,562.54	48,727,512.54	206,357.81	20.00	10.00	17.00	27.00	4.04	206,361.85
Total	235,778,196.38	17,677,228.00	150,406,348.18	168,083,576.18	752,031.74	90.00	36.00	71.00	107.00	16.89	752,048.63

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Weekly Tax Report	<ul style="list-style-type: none"> The Summary of Sales transactions for the Member-Broker Data will contain peso and dollar denominated securities

Member-Broker Data

Date	Peso Securities					Dollar Denominated Securities					Total Tax Due for Peso Securities and DDS (in PHP)
	Purchases	Sales			Tax Due (in PHP)	Purchases	Sales			Tax Due (in PHP)	
		Exempt	Taxable	Total			Exempt	Taxable	Total		
08-Feb-16	38,008,068.71	1,330,000.00	37,998,642.99	39,328,642.99	189,993.21	10.00	5.00	11.00	16.00	2.63	189,995.84
09-Feb-16	38,008,068.71	1,330,000.00	37,998,642.99	39,328,642.99	189,993.21	20.00	6.00	12.00	18.00	2.86	189,996.08
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11-Feb-16	48,981,746.90	5,262,800.00	19,053,452.50	24,316,252.50	95,267.26	10.00	8.00	16.00	24.00	3.80	95,271.06
12-Feb-16	47,836,425.54	7,455,950.00	41,271,562.54	48,727,512.54	206,357.81	20.00	10.00	17.00	27.00	4.04	206,361.85
Total	235,778,196.38	17,677,228.00	150,406,348.18	168,083,576.18	752,031.74	90.00	36.00	71.00	107.00	16.89	752,048.63

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Weekly Tax Report	<ul style="list-style-type: none">The Summary of Collection Remitted will retain the same format. Amount should be the total amount remitted for both PHP denominated Securities and DDS.

Summary of Collection Remitted

Transaction Date	Date of Debit Memo	Settlement Bank	Amount
8-Feb-16	17-Feb-16	HSBC	189,995.84
9-Feb-16	18-Feb-16	HSBC	189,996.08
10-Feb-16	21-Feb-16	HSBC	70,423.80
11-Feb-16	22-Feb-16	HSBC	95,271.06
12-Feb-16	23-Feb-16	HSBC	206,361.85
Total			752,048.63

Impact of DDS Implementation

PSE Back-Office Applications


Report	Description of Impact
Weekly Tax Report	<ul style="list-style-type: none">• User will be able to view list of exchange rates in a separate menu.• User will also be able to download the displayed exchange rates in csv format.

The screenshot shows a web application interface for 'Exchange Rates'. At the top left, the date and time are 'July 22, 2016 Friday 3:30:42 PM'. In the top right corner, there are navigation links: 'Home | iReport | iTrade'. On the left side, there is a red sidebar menu with the following items: 'Report', 'ER' (expanded), 'Sales Transaction', 'Update Report', 'View Exchange Rate' (highlighted with a white oval), 'CHIC', 'Upload', and 'Download'. The main content area is titled 'Exchange Rates' and contains a search form with 'Period Covering', 'Start Date: 02/08/2016', 'End Date: 02/12/2016', and a 'Search' button. Below the search form is a table with two columns: 'Date' and 'Exchange Rate'. The table contains five rows of data for dates from 08-February 2016 to 12-February 2016. At the bottom center of the main content area, there is a 'Download' button.

Date	Exchange Rate
08-February 2016	47.782
09-February 2016	47.676
10-February 2016	47.532
11-February 2016	47.491
12-February 2016	47.544

Impact of DDS Implementation

PSE Back-Office Applications

Report	Description of Impact
Weekly Tax Report	<ul style="list-style-type: none">• See Sample Batch Upload file. <div data-bbox="1593 618 1649 682"></div> <p data-bbox="1541 696 1702 748">Microsoft Excel Worksheet</p>

Guidelines on Operational Readiness

- TPs intending to participate in DDS trading are required to submit to the Exchange a **sworn certification on its operational readiness**, signed by its **Nominee or authorized representative**.

- The certification shall contain, at the minimum, the following:
 - ✓ The TP has put in place processes to secure the consent of clients who intend to trade DDS to the disclosure of their names to the SEC, and has instituted safeguards to ensure that only those clients who have given the required consent will be allowed to trade DDS.

 - ✓ The TP's back office systems can handle multiple currency transactions and the same are in compliance with CMIC rules and guidelines relative to trading DDS.

 - ✓ The TP has risk management procedures in place for handling foreign exchange.

Guidelines on Operational Readiness

- ✓ The TP has opened or has an existing US dollar deposit account with any universal or commercial bank which will serve as its working/operating account.
- ✓ The TP has opened the following US dollar accounts with the designated settlement bank:
 - Cash Settlement Account
 - Cash Collateral Account
- ✓ The TP's salesmen have attended a seminar or training regarding DDS conducted by the Exchange . The TP shall immediately notify the PSE if it no longer has any DDS-trained salesmen in its organization.
- ✓ The TP has included in its business continuity and disaster recovery plans provisions with regards to its DDS transactions.

Thank you!

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