

Rules on Dollar Denominated Securities

Training Session



THE PHILIPPINE
STOCK EXCHANGE
INC.



SECURITIES
CLEARING CORPORATION
OF THE PHILIPPINES

Outline

- Background
- Listing Requirements
- Trading Dollar Denominated Securities
- Fees
- Updates



Background

- Dollar Denominated Securities (“DDS”) are securities listed, traded and settled in US dollars.
- The DDS shall be a different asset class from the issuer’s existing listed shares at the Exchange.
- DDS is different from the dollar denominated trading facility, which allowed quotation of listed common shares in USD of Philippine listed companies that were also listed offshore, launched in 2003.



Objectives

- To provide issuers the flexibility to meet their capitalization requirements
- Alternative investment instrument for investors with US dollar deposit accounts
- To attract offshore investors and reduce their currency risk exposure



Listing Requirements

Issuer must be an existing listed company

Issuer is required to engage at least two Eligible Brokers

Requires BSP approval



Trading DDS

Board Lot and Price Fluctuation

Price (in USD)		Tick Size (in USD)	Lot Size
From	To		
DOWN	0.99	0.01	100
1.00	4.99	0.01	20
5.00	9.99	0.01	10
10.00	19.98	0.02	10
20.00	49.95	0.05	10
50.00	99.95	0.05	5
100.00	199.90	0.10	5
200.00	499.80	0.20	5
500.00	999.50	0.50	5
1,000.00	UP	1.00	5



Trading DDS

Eligible Brokers

- Attend a training session
- Must be operationally ready to trade DDS
- Comply with SCCP requirements on settlement and collateral accounts
- Obtain the consent of its clients to the disclosure of their names to the SEC, if said information is requested by the SEC in the course of an investigation

The Exchange shall restrict TPs that fail to comply with such requirements from trading the DDS.



Trading DDS

Eligible Brokers

- As of July 18, 2017, the following eleven (11) TPs are qualified as eligible brokers to trade DDS:
 - AP Securities Incorporated
 - Armstrong Securities, Inc.
 - Astra Securities Corporation
 - BA Securities, Inc.
 - BDO Securities Corporation
 - Mandarin Securities Corporation
 - Philippine Equity Partners, Inc.
 - Sunsecurities, Inc.
 - The First Resources Management and Securities Corporation
 - Venture Securities, Inc.
 - Wealth Securities, Inc.



Trading DDS

Name-on-Central-Depository

- In accordance with the SEC's Directives on DDS dated April 6, 2017, the SEC mandated NoCD arrangement for all DDS transactions.
- NoCD is a depository facility of segregating client holdings lodged with the PDTC into individual sub-accounts reflecting the names of the clients in the PDTC system.



Trading DDS

Name-on-Central-Depository

- Eligible Brokers are required to secure the consent of its clients to disclose their names under NoCD arrangement prior to purchasing DDS.
- The SEC noted that the NoCD accounts and master list shall be accessed by the Commission if said information is requested by the SEC in the course of an investigation of a possible violation of the SRC and its Implementing Rules and Regulations and other orders and issuances of the SEC, examination, official inquiry or as part of surveillance procedures, and/or in compliance with other pertinent laws.



Trading DDS

Name-on-Central-Depository

- Based on the PDTC operating guidelines on DDS, a minimum of 24 hours is required before a newly created NoCD Client Sub-account can be used to hold securities.
- Existing depository fees shall be applied for DDS.
 - PDTC maintenance fees shall be in the same currency as the security computed daily based on the market value of the securities held.
 - Transaction fees and all other fees shall be charged in Philippine peso, following the existing peso rates.
- Lodgment of DDS in the PDTC and delivery of DDS for settlement shall follow the same procedures as peso-denominated securities.



Trading DDS

Block Sales shall comply with the minimum transaction value:

- Five Hundred Thousand US dollars (USD500,000.00) for regular Block Sales
- One Million US dollars (USD1,000,000.00) for special Block Sales



Trading DDS

General Trading Policies

- A TP may aggregate orders for DDS upon order entry
- Reference Price for DDS shall be the same as the Reference Price for other Securities.
- The Trading Threshold shall apply to the trading of DDS.
- The Opening and Closing Price calculation in the Normal Market under shall apply to DDS.



Trading DDS

General Trading Policies

- DDS can be traded in the Odd Lot Market.
- The value limit per Order set by the TP for each of its traders shall also apply to DDS. Orders for DDS will be converted into Philippine peso using previous day's Exchange Rate.
- Done-through trades for DDS shall only be allowed among Eligible Brokers.



Trading DDS

End-of-Day Reports

- There will be a separate section in the TP trade reports (e.g. CTF, DTR, ABC, Purchases and Sales) for DDS transactions.
- DDS transactions shall be included in the Market End-of-Day reports generated by the Exchange.



Fees

- All applicable fees and penalties shall be paid in Philippine pesos.
- When conversion from USD is needed, as in the case of trading and settlement fees, the Philippine-peso value shall be computed daily on transaction date using the PDEX closing USD exchange rate.
- Taxes applicable to peso transactions will also be applicable to DDS transactions.



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