

Guidelines on Operational Readiness for DDS Trading

These Guidelines on Operational Readiness for DDS Trading are issued in relation to Part C, Section 1(b) of the Rules on Dollar Denominated Securities (DDS). Capitalized terms used herein shall have the same meaning ascribed to them in the Rules on DDS.

TPs intending to participate in DDS trading are required to submit to the Exchange a sworn certification on its operational readiness, template attached as Annex “A”, signed by its Nominee or any authorized representative, which shall contain, at the minimum, the following:

1. 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 pursuant to Part C, Section 1(b) of the Rules¹, and has instituted safeguards to ensure that only those clients who have given the required consent will be allowed to trade DDS.
2. 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.
3. The TP has risk management procedures in place for handling foreign exchange.
4. 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.
5. The TP has opened the following US dollar accounts with the designated settlement bank:
 - 5.1. Cash Settlement Account
 - 5.2. Cash Collateral Account
6. 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.
7. The TP has included in its business continuity and disaster recovery plans provisions with regards to its DDS transactions.

The submission of a sworn certification notwithstanding, the PSE reserves the right to conduct a further assessment of the operational readiness of the TP, as circumstances may require.

¹ Under Part C, Section 1(b) of the Rules on DDS, the “...TP shall 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 of a possible violation of the Securities Regulation Code 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.”

CERTIFICATION

I, _____, being the _____ of _____ (the "TP"), do hereby certify and attest under oath that the TP is operationally ready to participate in the trading of Dollar-Denominated Securities ("DDS") on The Philippine Stock Exchange, Inc. (the "Exchange"), because of the following:

1. 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 Securities and Exchange Commission pursuant to Part C, Section 1(b) of the Rules on DDS, and the TP has instituted the necessary safeguards to ensure that only those clients who have given the required consent will be allowed to trade DDS.
2. The TP's back office systems can handle multiple currency transactions and the same are in compliance with the rules and guidelines issued by the Capital Markets Integrity Commission ("CMIC") relative to trading DDS.
3. The TP has risk management procedures in place for handling foreign exchange.
4. 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.
5. The TP has opened the following US dollar accounts with the designated settlement bank:
 - a. Cash Settlement Account
 - b. Cash Collateral Account
6. The TP's salesmen named in the Application for Eligibility to Trade Dollar Denominated Securities (DDS) form have attended a seminar or training regarding DDS conducted by the Exchange. The TP shall immediately notify the Exchange if it no longer has any DDS-trained salesmen in its organization.
7. The TP has included in its business continuity and disaster recovery plans provisions with regards to their DDS transactions.

IN WITNESS WHEREOF, I have set my hand on this _____ day of _____, 20____,
in _____ City.

SUBSCRIBED AND SWORN TO before me on this _____ day of _____,
20____, affiant exhibiting to me his/her _____.

Notary Public

Doc No. _____

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Book No. _____

Series of 20____.