

## **PSE SECURITIES BORROWING AND LENDING** **Guidelines for MSLA Clearance**

1. The Borrower shall submit to the Head of the PSE Capital Markets Development Division a letter-request for pre-clearance of its Master Securities Lending Agreement (MSLA). The letter-request should be accompanied by the following:
  - Six (6) duly-signed original copies of notarized Master Securities Lending Agreement (MSLA);
  - Six (6) duly-signed original copies of notarized Addendum to the MSLA;
  - Six (6) duly-signed original copies of MSLA Registration Form (Form MSLA1a);
  - Six (6) duly-signed original copies of Lender's Notification of Execution of MSLA (Form MSLA1b);
  - Duly accomplished payment slip template; and
  - Only if applicable, check payment of P5,000 as pre-clearance fee for MSLA registration, if this is the mode of payment chosen

The Borrower is encouraged to file the request for pre-clearance immediately upon execution of the MSLA, in order to meet the deadline under Section 8(c) of Bureau of Internal Revenue (BIR) Revenue Regulations 1-2008, which states that the MSLA should be registered with the BIR within two weeks, if the MSLA was executed in the Philippines, and within one month, if executed outside the Philippines. MSLAs executed outside the Philippines must be consularized.

2. The Borrower must fill up the fields in pages 1 and 20 of the MSLA. No part of the MSLA and its Addendum should be left blank.
3. On Section (e) of the Addendum (Margin Rate), pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 7 Series of 2006, if the collateral is in the form of cash or government securities, then the Margin Rate cannot be less than 102%, and if the collateral is in the form of equity securities, the Margin Rate cannot be less than 105%.
4. On Section (j) of the Addendum (Term of the Agreement), if the parties have not determined a term or expiration date for the MSLA, then the parties may indicate that the MSLA shall be effective until terminated by the parties.
5. On Section (l) of the Addendum (Agent), this field is applicable to foreign corporations who are licensed to do business in the Philippines, and thus required by law to appoint a resident agent who

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is authorized to receive summons and legal processes. If the field is not applicable to the parties, then they should indicate N/A.

6. The Addendum must be executed on the same date as, or subsequent to, the MSLA.
7. The parties and their witnesses should sign both the MSLA and Addendum on the signature page and each and every page thereof, and should have the same notarized.
8. PSE shall notify the Borrower of the results of its evaluation within five (5) days from receipt of the Borrower's letter-request and pertinent documents. If there are any deficiencies or items for clarification, the PSE shall notify the Borrower thereof initially through a phone call, and later on via email and letter response. For Borrowers who chose DragonPay as mode of payment for the processing fee of PSE, an email shall be sent for further payment instruction. Payment needs to be settled within 48 hours after receipt of the email. For applications indicating auto-debit arrangement (ADA) or check as mode of payment, no further action is required.
9. Upon satisfactory completion of PSE's review, PSE shall issue to the Borrower a formal pre-clearance and favorable endorsement of the MSLA to the SEC and BIR, and detailed instructions on the procedures and requirements for obtaining the clearance from the SEC and the registration with the BIR. The PSE shall also attach thereto the Borrower's MSLA registration documents, which have been time-stamped accordingly, and the official receipt for the MSLA registration pre-clearance fee. In case of unsuccessful or withdrawn application, no refund shall be granted by PSE.
10. The Borrower shall then proceed to the SEC for clearance of its MSLA, and then to the BIR for registration of the MSLA.
11. The Borrower should submit to the SEC Markets & Securities Regulation Department (SEC-MSRD) the documents for pre-checking/pre-processing, and pay the processing/certification fee of P5,000 in cash, cashier's or manager's check payable to SEC.

The documents that need to be submitted to the SEC are as follows:

- Six (6) original PSE-stamped certified and duly-notarized MSLA and its Addendum;
- Six (6) original PSE-stamped copies of Form MSLA1a (Appendix A) and Form MSLA1b (Appendix B);
- Soft copy of the signed and editable versions of the MSLA and its Addendum; and
- PSE endorsement letter to BIR

12. The Borrower then proceeds to BIR and pay the registration fee of P5,000 in cash or check payable to BIR before submitting SEC's certification and the supporting documents, along with the official receipt, to the Law Division of BIR.
  
13. Upon successful registration of the MSLA with the BIR, the Borrower shall submit to the Capital Markets Integrity Corporation and the PSE Business Development Department copies of the BIR certificate attesting to said registration, within fifteen (15) days from issuance thereof.

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