



Funding the Republic

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila

**NRoSS-Market-wide Testing
TEST MECHANICS AND RULES**

1. The participants to the market-wide testing (MWT) are following parties:
 - a. Sponsor Trading Participants – GSEDs and GSBs
 - b. Sponsored Qualified Investors - consisting of the following entities:
 - i. Special Government Accounts (SGA) - SSS, GSIS, HDMF, PDIC, Philhealth, Bond Sinking Fund (BSF)
 - ii. Custodians
 - iii. Taxable and Tax-exempt Trust Entities initially given web-based access to the NRoSS
2. The assigned trade counterparties and Sponsored Client/s are provided for in **Annex A**. All are expected to transact with entities within the assigned grouping as a minimum requirement. However, nothing precludes each Trading Participant (TP) from trading with other counterparties if needed.
3. Each TP must be able to perform the following test scenarios with their assigned counterparties:
 - a. Account Creation (**for GSEDs only**)

GSEDs shall create a Sponsored NRoSS Account for its client Qualified Investor using **Maintenance/Participant/Client Registration/Create**.
 - b. Trade Scenario
 - i. 1 buy and 1 sell transaction for its own account (**for GSEDs only**)
 - ii. 1 buy and 1 sell transaction for the account of its assigned Taxable Sponsored Client
 - iii. 1 buy and 1 sell transaction for account of its assigned Tax-exempt Institution (TEI) Sponsored Client
 - c. Sponsored Client Trade Settlement via the NRoSS-Philpass Facility
 - i. **Scenario 1** - Securities settlement location is the NRoSS Omnibus Account of TP (*Note: Applicable to Taxable Sponsored Clients only.*)
 - ii. **Scenario 2** - Securities settlement location is the NRoSS Account of the Sponsored Client (*Note: All TEI Sponsored Clients fall under this scenario.*)
 - d. Pre-settlement under **Scenario 1** above – Sponsored Client is the SELLER.

- i. For Sponsored Clients with existing Sponsored NRoSS Account - Transfer securities from Sponsored NRoSS Account to its NRoSS Omnibus Account using **MT 542 FOP Sale /Transfer of Portfolio Single** or **Settlement Module/Operations/Bulk Upload**. See **Annex B** for the process flow.
- ii. For Sponsored Qualified Investor Clients who are NRoSS Direct Participants (given web-based access to the NRoSS):
 - Create a Sponsored NRoSS Account (if not existing) using **Maintenance/Participant/Client Registration/Create**.
 - Transfer securities from client's main NRoSS Account to its Sponsored NRoSS Account with the Sponsor TP using **MT 540 Purchase/Transfer of Portfolio**

See **Annex C** for the process flow.

e. Post-settlement under **Scenario 1** – Sponsored Client is the BUYER.

- i. Create a Sponsored NRoSS Account (if not existing) using **Maintenance/Participant/Client Registration/Create**; then
- ii. Transfer of Securities from NRoSS Omnibus Account to the Sponsored NRoSS Account of the client using **MT 542 FOP Sale/Transfer of Portfolio Single**.

See **Annex D** for the process flow.

4. Each Sponsored Qualified Investor (who are NRoSS Direct Participants) must be able to perform the following test scenarios:

a. Trade Scenario

- i. 1 buy transaction through its assigned Sponsor GSED or GSB
- ii. 1 sell transaction through its assigned Sponsor GSED or GSB

The Qualified Investors are to call their assigned Sponsor GSED or GSB and their orders will be executed by their Sponsoring GSED or GSB in the PDEX trading platform.

- b. Pre-settlement for a sell transaction under Paragraph 3(c)(ii) above – Transfer securities from main NRoSS Account to its Sponsored NRoSS Account with the Sponsor TP using **MT 542 FOP Sale/Transfer of Portfolio**
- c. Post-settlement for a buy transaction – Transfer securities from its Sponsored NRoSS Account to its main NRoSS Account using **MT 540 FOP Purchase/Transfer of Portfolio**.

See **Annex E** for the process flow.

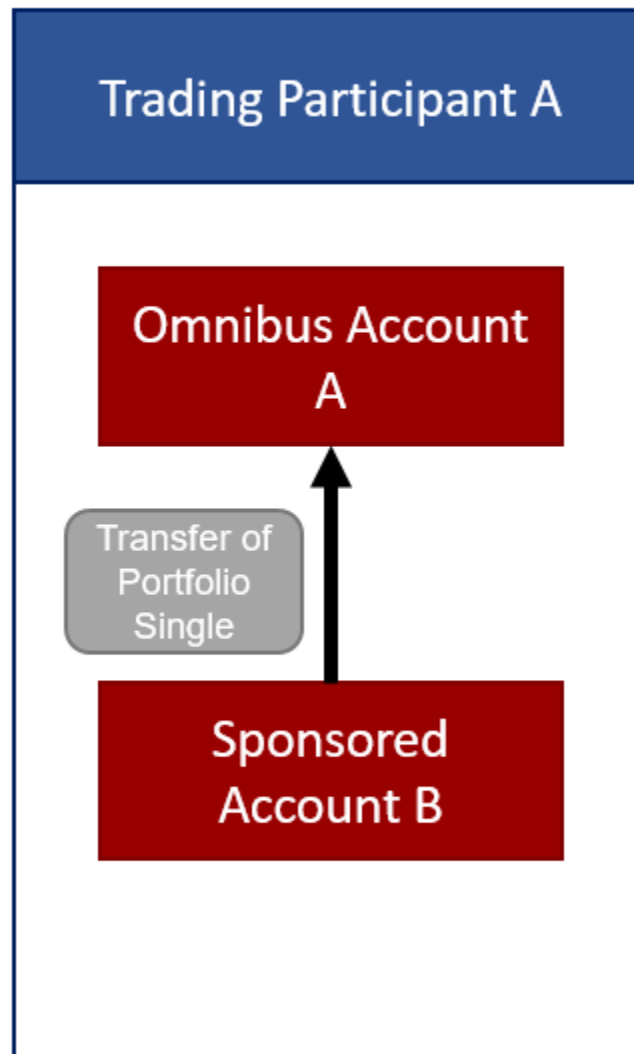
5. Trading and settlement rules:

- a. Minimum Trading Lot : One Million Pesos (PHP1,000,000.00)
- b. Trading Hours : 12:30PM-2:30PM (October 23-25, 2017)
- c. A GSED-TP can buy and sell for its own account or account of its Sponsored Client which should only be a Qualified Investor.
- d. A GSB-TP can only deal for account of its Sponsored client who can be Qualified Investors and retail investors.
- e. The use of NRoSS Omnibus Account of TPs shall be limited to Taxable Sponsored Clients only and shall have no outstanding balance at end of day of the settlement date.
- f. TPs shall use the Sponsored NRoSS Account for the settlement of trade transactions of their TEI Sponsored Clients.
- g. FOP Transfer of Portfolio between NRoSS Direct Participants is only allowed in cases of:
 - i. Trade transaction related transfers as described above with no change in beneficial ownership; and
 - ii. Change of Sponsor TP, Custodian, Trust Entity of an investor with approval of the BTr upon proper documentation.



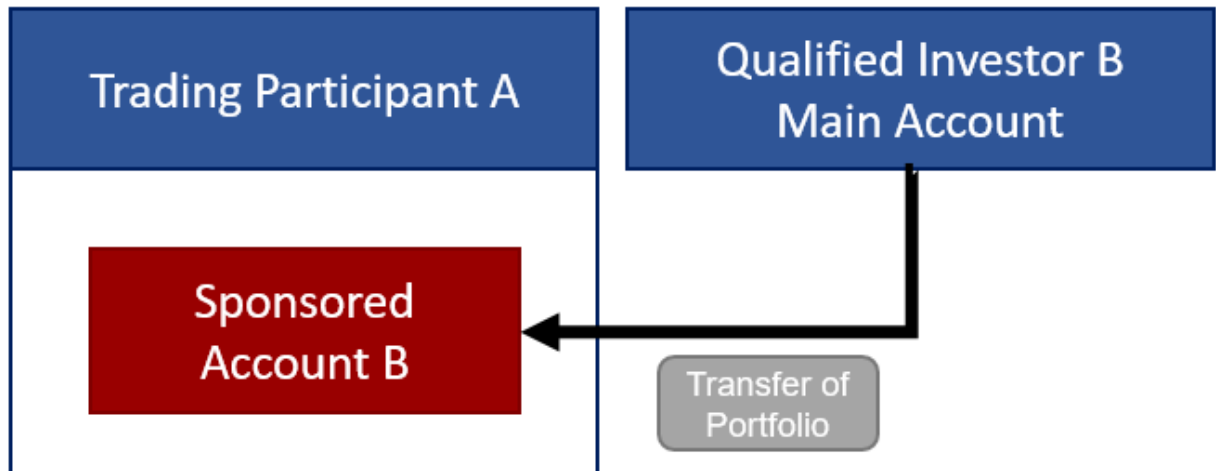
Pre-settlement

Sponsored Client is the SELLER



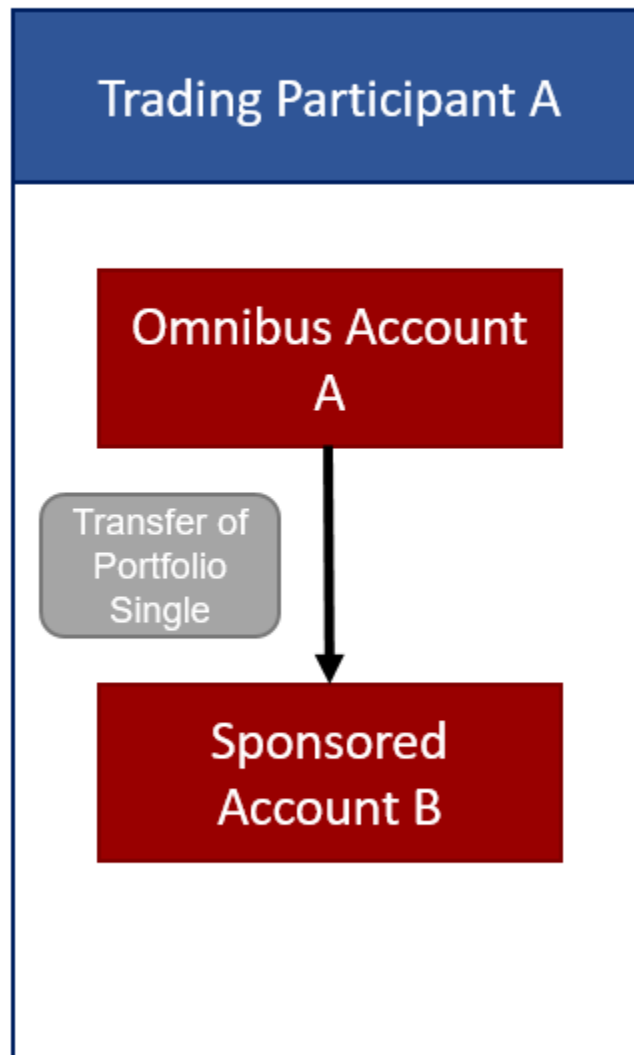
Pre-settlement

Sponsored QI Client is the SELLER



Post-settlement

Sponsored Client is the BUYER



Post-settlement

Sponsored QI Client is the BUYER

