



*Funding the Republic*

REPUBLIKA NG PILIPINAS  
KAGAWARAN NG PANANALAPI  
**KAWANIHAN NG INGATANG-YAMAN**  
(BUREAU OF THE TREASURY)  
Intramuros, Manila 1002

**MEMORANDUM**

**TO :** GSED Participants in the GS Repo Program

**SUBJECT :** Guidelines on the Settlement of Repurchase Transactions (Repo) under the GS Repo Program

**DATE :** 01 October 2019

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**I. NRoSS as Settlement Infrastructure**

The Bureau shall provide the infrastructure to facilitate Delivery-versus-Payment (DvP) settlement of Repo trades under the Government Securities (GS) Repo Program operated by the Money Market Association of the Philippines as SRO. The NRoSS System shall serve as the facility for inputting and authorization of Repo trades and the location for securities settlement. It shall likewise provide interface with the BSP-PhilPaSS for the settlement of the cash leg.

**II. Transition to NRoSS**

Starting on **Monday, 14 October 2019**, all settlement of Repo trades shall be executed at the NRoSS Repo Module. In line with the production run of this module and to provide for a smooth transition, please be guided by the following:

1. All Repo trades with **pending Far Leg settlement**, with a Near Leg that settled already through the PDS Gateway, shall be **inputted in the NRoSS DvP Module** on the Far Leg settlement date.
2. All T+1 trades executed in the authorized Repo trading platform on Friday, 11 October 2019 shall be **inputted and authorized in the NRoSS Repo Module** on Monday, 14 October 2019.
3. All transactions executed in the authorized Repo trading platform starting Monday, 14 October 2019 shall be **inputted and authorized in the NRoSS Repo module**.

**III. Interim Settlement Process**

Pending the implementation of a straight-through processing of Repo trades from the authorized Repo trading platform to NRoSS, the interim settlement process shall be as follows:

ISO 9001:2015 Quality Management System  
Certificate No. AJA17-0071

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#### **A. Near Leg Settlement Date**

1. On the near leg settlement date, the Back Office of Repo Seller and Repo Buyer Participants shall create the Repo transaction in NRoSS based on the details of the trade executed in the authorized Repo trading platform – *refer to Annex A for NRoSS Repo data fields and matching criteria.*
2. Once authorized by the counterparties, NRoSS shall match accordingly the transactions created by the Repo Seller and Repo Buyer based on the matching criteria defined in the system.
3. Once matched, the NRoSS system checks if the Repo Seller's NRoSS Account has sufficient securities.
  - a. If there is SUFFICIENT securities balance, the securities are earmarked, then sends a cash settlement instruction to BSP-PhilPaSS.
  - b. If there is INSUFFICIENT securities balance, transaction goes on queue. If securities remain insufficient by 4:00PM then transaction is tagged as "Cancelled".
4. Upon receiving a cash settlement instruction from NRoSS, BSP-PhilPaSS checks if Repo Buyer has sufficient funds in its Regular Demand Deposit Account (RDDA).
  - a. If there is SUFFICIENT cash balance, the Repo Buyer's RDDA is debited and Repo Seller's RDDA is credited.
  - b. If there is INSUFFICIENT cash balance, transaction goes on queue. If cash remains insufficient by 4:00PM, the transaction shall be deemed "Failed".
5. BSP-PhilPaSS sends a confirmation message to NRoSS.
  - a. If the confirmation is "SETTLED", NRoSS debits the securities from the Repo Seller's securities account and credits the Repo Buyer's securities account;
  - b. If the confirmation is "FAILED", the transaction is tagged as "Cancelled" and the earmarking of the securities shall be lifted.
6. Upon the successful settlement in NRoSS of the Near Leg, the system automatically generates the Far Leg of the trade.

#### **B. Far Leg Settlement Date**

Upon the execution of "Start of Business Day" of NRoSS, the system automatically triggers the settlement of the Far Leg.

1. NRoSS system checks if the Repo Buyer's NRoSS Account has sufficient securities.



- a. If there is SUFFICIENT securities balance, NRoSS will earmark the securities and thereafter sends a cash settlement instruction to BSP-PhilPaSS.
  - b. If there is INSUFFICIENT securities balance, transaction goes on queue. If securities remain insufficient by 4:00PM then transaction is tagged as "Cancelled".
2. Upon receiving a cash settlement instruction from NRoSS, BSP-PhilPaSS checks if Repo Seller has sufficient funds in its RDDA.
  - a. If there is SUFFICIENT cash balance, the Repo Seller's RDDA is debited and the Repo Buyer's RDDA is credited.
  - b. If there is INSUFFICIENT cash balance, transaction goes on queue. If cash remains insufficient by 4:00PM, the transaction shall be deemed "Failed".
3. BSP-PhilPaSS sends a confirmation message to NRoSS.
  - a. If the confirmation is "SETTLED", NRoSS debits the securities from the Repo Buyer's securities account and credits the Repo Seller's securities account;
  - b. If the confirmation is "FAILED", the transaction is tagged as "Cancelled" and the earmarking of the securities shall be lifted.

#### IV. Settlement Cut-offs

Activity	Start Time	End Time
Transaction creation and authorization	9:00 a.m.	4:00p.m.
Settlement	9:00 a.m.	4:00 p.m.

#### V. No Cancellation once Matched in NRoSS

In the event the trade was cancelled in Bloomberg or in case of erroneous input by the Participants, the transaction in NRoSS can only be cancelled while in "Waiting for Matching" status. Transactions that have already matched will be automatically queued for settlement and will no longer be available for cancellation.

#### VI. Failed Trade Settlement

##### A. Near Leg Settlement Fail

1. *Same day settlement.* If counterparties decide to settle a failed trade after the settlement cut-off at 4:00PM and within the same settlement date, the NRoSS Free-of-Payment (FoP) Module may be used for the settlement of the securities for the Near Leg. The cash shall be settled by the counterparties through BSP-PhilPaSS.

The counterparties shall input and authorize the Far Leg using the NRoSS DVP Module.

For monitoring purposes, Participants shall input the "Contract Number" of the failed trade in the "Reference" field of the FoP and DvP Module.

2. *Day after settlement.* If counterparties decide to settle a failed trade on a date after the original settlement date but within allowable period pursuant to the GMRA and the SRO rules, the NRoSS Repo Module shall be used.

#### **B. Far Leg Settlement Fail**

1. *Same day settlement.* If counterparties decide to settle a failed trade after the settlement cut-off at 4:00PM and within the same settlement date, the NRoSS Free-of-Payment (FoP) Module may be used for the settlement of the securities for the Far Leg. The cash shall be settled by the counterparties through BSP-PhilPaSS.
2. *Day after settlement.* If counterparties decide to settle a failed trade on a date after the original settlement date but within allowable period pursuant to the GMRA and the SRO rules, the NRoSS DvP Module shall be used.

For monitoring purposes, Participants shall input the "Contract Number" of the failed trade in the "Reference" field of the FoP and DvP Module.

Please be guided accordingly.



**ROSALIA V. DE LEON**  
Treasurer of the Philippines

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## Annex A

### NRoSS Repo Data Fields and Matching Criteria

Field	Description	Mandatory Field?	Trade Matching Criteria
Reference	Internal reference of the Trade Participant	Mandatory	No
Trade Date	Trade Date	Mandatory	Yes
Settlement Date	Settlement Date	Mandatory	Yes
Cash Amount	Near Leg Total Cash Settlement Amount	Mandatory	Yes
Cash Currency	Dropdown>>PHP	Mandatory	Yes
Repurchase Date	Far Leg Settlement Date	Mandatory	Yes
Repurchase Cash Amount	Far Leg Total Cash Settlement Amount	Mandatory	Yes
Contract Number	Seller and Buyer Repo Contract Number. <b>Participants to use the Trading Platform ticket number excluding the special characters.</b>	Mandatory	Yes
Delivering Agent	Party Delivering the securities	Mandatory	Yes
Receiving Agent	Party Receiving the securities	Mandatory	Yes
Receiving Account Type	<b>Dropdown&gt;&gt;Own</b>	Default value: <b>Own</b>	No
Receiving Account Code	<b>Dropdown&gt;&gt;Own</b>	Default value: <b>Own</b>	No
ISIN	GS Security subject to Repo	Mandatory	Yes
Face Amount	Nominal Amount of ISIN subject to Repo	Mandatory	Yes