



Funding the Republic

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

MEMORANDUM

TO : All NRoSS Direct Participants

SUBJECT : Guidelines on the Settlement of Onshore Dollar Bonds (ODB)

DATE : 19 August 2020

Effective August 17, 2020, in line with the change of the operator of domestic US Dollar transfer from Philippine Securities Settlement Corp. (PSSC) to the Philippine Clearing House Corporation (PCHC) and pending the implementation of the straight-through processing of the dollar settlement between the PDSClear System and PCHC's PDDTS, please be advised of the following:

Guidelines

1. The securities leg of all ODB secondary market trades, including trades executed prior to August 17 but with settlement date of August 17 and onwards, shall be settled through the Free of Payment (FoP) facility of NRoSS with the concurrence of SEC.
2. Participants have to manage the resulting settlement risk involved as the settlement does not adhere to straight-through Delivery versus Payment (DvP) process.
3. FoP facility in NRoSS shall be open until 3:00PM, however the participants shall adhere to the 2:00PM settlement cut-off. This is subject to change depending on market developments related to the current health emergency situation.
4. The Philippine Dealing & Exchange Corp. (PDEX), as an SRO, shall provide guidance on the cut-offs / turnaround time that shall apply to the succeeding settlement process.

Process

1. The ODB Seller's authorized Settlement Officer ("Seller Settlement Officer") shall log in to NRoSS and earmark the appropriate face amount of ODB subject of its sale transaction.
 - 1.1. For monitoring purposes, the following prescribed format of the "Reference" field shall be used.

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

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"EARMARK" + last eight (8) characters of the Trade ID generated from the authorized trading platform e.g., FIT:20200702:14664:7:10, then input EARMARK14664710

- 1.2. In order to avoid showing client details to the counterparty when providing the "Portfolio Statement" as proof of earmarking, the "Own" Account or "Omnibus Taxable Account", as may be applicable, shall be used under the "Delivering Account".
2. Upon earmarking, the Seller Settlement Officer shall relay to the ODB Buyer's authorized Settlement Officer ("Buyer Settlement Officer") a Portfolio Statement Report as proof of the earmark for the trade.
3. Upon receipt of the proof of earmarking, the Buyer Settlement Officer shall transfer the contracted USD settlement amount using PCHC-PDDTS from its account to the Seller's designated USD account.
4. The Seller Settlement Officer shall confirm receipt of USD payment with the Buyer Settlement Officer.
5. The Seller Settlement Officer shall proceed to un-earmark it's ODB securities. Participants shall use the following prescribed format of the "Reference" field.

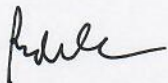
"RELEASE" + last eight (8) characters of the Trade ID from the authorized trading platform e.g., FIT:20200702:14664:7:10, then input RELEASE14664710

6. The Seller Settlement Officer shall execute a Free of Payment (FoP) transfer of the same to the Buyer's designated NRoSS Account and the Buyer Settlement Officer shall match the FOP transfer from the Seller.

For monitoring purposes, the Participants are required to input the Trade ID generated from the authorized trading platform into the "Reference" field of NRoSS e.g., FIT:20200702:14664:7:10, then input 2020070214664710

7. The Buyer Settlement Officer shall confirm receipt of the securities.

Please be guided accordingly.



ROSALIA V. DE LEON
Treasurer of the Philippines

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