PROPOSED AMENDMENTS TO THE PDEX RULES FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED AMENDMENTS TO DELAYED SETTLEMENT

PROPOSED AMENDMENTS TO	:	Rule 8.3 - Definitions	
		Rule 8.4 -Settlement Participants	
REFERENCE NO.	:	Proposal No. 002-2023	
RATIONALE	:	To update the rule on authorization of trades by removing references to Delayed Settlement and its penalties and other items that are no longer relevant	
STATUS	:	For SEC Approval	

CURRENT RULE	PROPOSED AMENDMENTS Submitted for SEC Information	PROPOSED AMENDMENTS MGB Approved on 22 January 2024
Rule 8.3 Definitions	Rule 8.3 Definitions	Rule 8.3 Definitions
xxx	xxx	xxx
 21. Failed Trades and Delayed Settlement shall have the meaning given to it in Rule 8.4, par. 17(a)(i) and (ii). 	21. Failed Trades and Delayed Settlement shall have the meaning given to it in Rule 8.4, par. 17(a)(i) and (ii).	21. Failed Trades and Delayed Settlement shall have the meaning given to it in Rule 8.4, par. 17(a)(i) and (ii) .
22. Failed Trades Report shall refer to a report or inquiry screen in the eDvP System made available to Settlement Participants in accordance with the Timeline giving details of the Failed Trades and Delayed Settlements of a Settlement Participant.	22. Failed Trades Report shall refer to a report or inquiry screen in- the eDvP System made available to Settlement Participants in accordance with the Timeline giving details of the Failed Trades and Delayed Settlements of a Settlement Participant.	22. Failed Trades Report shall refer to a report or inquiry screen in the eDvP System made available to Settlement Participants in accordance with the Timeline giving details of the Failed Trades and Delayed Settlements of a Settlement Participant.
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CURRENT RULE	PROPOSED AMENDMENTS Submitted for SEC Information	PROPOSED AMENDMENTS MGB Approved on 22 January 2024
Rule 8.4 Settlement Participants	Rule 8.4 Settlement Participants	Rule 8.4 Settlement Participants
ххх	xxx	xxx
16. Settlement and Post Settlement	16. Settlement and Post Settlement	16. Settlement and Post Settlement
xxx	xxx	xxx
 g. Monitoring Settlement Status The eDvP System shall make information of the settlement status of Trades available to Settlement Participants throughout the Settlement day, which status could be any of the following: successfully settled; a. successfully settled; a. avaiting Earmarking of Securities by the Depository; a. awaiting debit of funds by the Buyer's Cash Settlement Bank; or awaiting debit of Buyer Cash Settlement Bank's DDA by the BSP. ii. Settlement Participants shall be solely responsible for monitoring the Settlement status of their Trades through the eDvP System. PDEx shall not be liable to any Settlement Participant for Failed Trades and Delayed Settlement Participant utilized the eDvP System monitoring capability or not. (rev052810) 	 g. Monitoring Settlement Status The eDvP Settlement System shall make information of the settlement status of Trades available to Settlement Participants throughout the Settlement day, which status could be any of the following: a. successfully settled; b. awaiting Earmarking of Securities by the Depository; c. awaiting debit of funds by the Buyer's Cash Settlement Bank; or d. awaiting debit of Buyer Cash Settlement Bank's DDA by the BSP. ii. Settlement Participants shall be solely responsible for monitoring the Settlement status of their Trades through the eDvP- System. PDEx shall not be liable to any Settlement Participant for Failed Trades and Delayed Settlement Participant utilized the eDvP System monitoring capability or not. 	 g. Monitoring Settlement Status The eDvP Settlement System shall make information of the settlement status of Trades available to Settlement Participants throughout the Settlement day, which status could be any of the following: a. successfully settled; b. awaiting Earmarking of Securities by the Depository; c. awaiting debit of funds by the Buyer's Cash Settlement Bank; or d. awaiting debit of Buyer Cash Settlement Bank's DDA by the BSP. ii. Settlement Participants shall be solely responsible for monitoring the Settlement System. PDEx shall not be liable to any Settlement Participant for Failed Trades and Delayed Settlement Participant utilized the eDvP
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- 17. Management of Failed Trades and Delayed Settlements
 - a. Definition
 - i. There is deemed to be a Failed Trade if, at the final cut-off time specified in the Timeline, any or both Settlement Participants failed to authorize the Trade, or the Buyer did not have sufficient cash at that time to settle the Trade and/or the Seller did not have sufficient securities at the time to settle the Trade.
 - ii. There is deemed to be a Delayed Settlement if, the trade was settled on the settlement date but was not authorized at the time specified in the Timeline, or was not settled at the specified Turnaround Trade cut- off time specified in the Timeline. "Turnaround Trade" shall be defined as a trade whose settlement is dependent on the settlement of another trade.
 - iii. Trades shall be regarded as Failed Trades or Delayed Settlements in accordance with this Rule regardless of whether the eDvP System was fully operational if it can be shown that the Buyer did not have sufficient cash at the time to settle the Trade and/or the Seller did not have sufficient

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b. Reporting of Failed Trades and Delayed Settlements (rev052810)

> In accordance with the eDVP Timeline, the eDvP System shall notify PDEx of all Trades that failed to settle.

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f. Handling of Failed Trades and Delayed Settlements

The Settlement Participants shall handle the disposition of Failed Trades and Delayed Settlements subject to the PDEx Rules. PDEx shall have no responsibility over Failed Trades and Delayed Settlements. Cash Settlement Banks shall have no responsibility for Failed Trades and Delayed Settlements.

- g. Delayed Settlements shall carry the following penalties:
 - i. 3rd violation within a year without being considered a Habitual Offender - Warning
 - 4th and subsequent violations within a year without being considered a Habitual Offender- Reprimand
 - iii. Habitual Offender

 Php 1,000 per offense payable to the counterparty;
 "Habitual Offender" is defined as three (3) violations per quarter and/or two (2) violations per month.

- iii. Trades shall be regarded as Failed Trades or Delayed Settlements in accordance with this Rule regardless of whether the eDvP System was fully operational if it can be shown that the Buyer did not have sufficient cash at the time to settle the Trade and/or the Seller did not have sufficient securities at the time to settle the Trade.
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followir	ng	payable to	Reprimand
pena	lties:	the counterparty;	iii. Habitual Offender
-		"Habitual Offender" is	- Php 1,000 per
i.	1st to 2nd violation within	defined as three	offense payable to
	a year - Warning	(3) violations per-	the counterparty;
iii.	3rd and subsequent	quarter and/or two (2)	"Habitual Offender" is
	violations within a year -	violations per month.	defined as three
	Reprimand and Php10,000	·	(3) violations per
	or 1bp based on the face		quarter and/or two (2)
	value of the		violations per month.
	security involved,	hg Failed Trades shall carry the	
	whichever is higher.	following	hg. Failed Trades shall carry the
		penalties:	following penalties:
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		i. 1st to 2nd violation within a	i. 1st to 2nd violation
		year - Warning	within a year - Warning
		year warning	ii. iii. 3rd and subsequent
		ii. iii. 3rd and subsequent	violations within a year -
		violations within a year -	Reprimand and
		Reprimand and Php10,000 or	Php10,000 or 1bp based
		1bp based on the face value	on the face value of the
		of the security involved,	security involved,
			•
		whichever is higher.	whichever is higher.

- nothing follows

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