



MEMORANDUM – 2016-011

To : All Trading Participants

Subject : Guidelines in the Implementation of Rule 28.1.7. (New Requirements), Rule 49.1.1.3. (RBCA Report), and Rule 52.1.9.3. (Monthly Report on Complaints) of the 2015 Implementing Rules and Regulations of the Securities Regulation Code

Date : 5 April 2016

The Capital Markets Integrity Corporation (CMIC) received letters of March 22 and 30, 2016 from the Securities and Exchange Commission (SEC) informing the former that the effectivity of the Temporary Restraining Order (TRO), which was issued by the Regional Trial Court, Branch 212 of Mandaluyong City, in the case entitled Philippine Association of Broker and Dealers, Inc. v. SEC, docketed as Civil Case No. MC16-9749, had already lapsed on 10 March 2016.

In compliance with the SEC's directive to CMIC to remind the Trading Participants (TPs) to strictly comply with the provisions of the 2015 Implementing Rules and Regulations of the Securities Regulation Code (2015 SRC-IRR), CMIC hereby disseminates the following information:

Rule 28.1.7. of the 2015 SRC-IRR¹ requires compliance by all TPs with all the requirements provided in the 2015 SRC-IRR that are not otherwise included in their original registration.

Pursuant to the above rule, all TPs are reminded to comply with Rule 49.1.1.3. of the 2015 SRC-IRR, which states:

49.1.1.3. Every Broker Dealer covered by the RBCA Requirements shall prepare its RBCA report and file the same with the Commission and the SRO (if such Broker Dealer is a Trading Participant) on or before the 20th of the month for the RBCA Report covering the period 1st to 15th of the month and on the 5th of the month, for RBCA Report covering the period 16th to 30th/end of the month. xxx

In relation to the above rules, RBCA Reports as of 15 February 2016 and 15 March 2016, which were not submitted in view of the TRO, shall be submitted to CMIC on or before 8 April 2016.

¹ Rule 28.1.7. Any registered Broker Dealer operating prior to the effectivity of these Rules shall, within ninety (90) calendar days from these Rules' effectivity, comply with all the requirements provided under these Rules that are not otherwise included in its original registration.

Submissions of said RBCA Reports to CMIC shall be made through the iPSE using the following filename format:

1. The first three (3) characters pertain to the broker code.
2. The fourth (4th) character pertains to the type of report, which is either R or N. "R" stands for RBCA report and "N" for Net Capital report.
3. The fifth (5th) and sixth (6th) characters pertain to the month (e.g., 02 for February).
4. The seventh (7th) and eighth (8th) characters pertain to the year (e.g., 16 for 2016).
5. The ninth (9th) character pertains to an underscore separator.
6. The tenth to eleventh (10-11) characters pertain to the period of the month.
 - a. "15" - Pertains to the first half of the month. This covers the first (1st) to fifteenth (15th) day of the month
 - b. "30" - Pertains to the second half of the month. This covers the sixteenth (16th) to the thirtieth (30th) day or end of the month (28/29/30/31).

Filename Format:

Broker Code (3-digit) + "R" or "N" + Month (2-digit) + Year (2-digit) + "_" + "15" or "30"

Thus, if broker 000 submits an RBCA report as of the first half of February 2016, the filename would be 000R0216_15.xls. Further, if Broker 000 submits an RBCA report for the period 15 March 2016, the filename would be 000R0316_15. Lastly, for RBCA reports as of the second half of March 2016, the filename would be 000R0316_31.

Also, the TPs are directed to submit to the SEC the following within five (5) trading days from the date of this notice:

- (a) Detailed description of Organizational and Functional Charts, the names and designations of the officers, including branch offices;
- (b) Risk Management Manual and Internal Control Procedures;
- (c) Business Continuity and Disaster Recovery Plan;
- (d) Comprehensive Information Technology Plan, to include among others: (1) a list and brief description of the software and hardware to be primarily used in its functions and their location; (2) a back-up system or subsystem and their location; (3) security system and procedures to be employed; (4) procedures to check sufficiency of system's capacity and expansion program, if necessary; and (5) IT system maintenance schedule.
- (e) Copies of proposed contract of any activities or services that are being outsourced;
- (f) Updated written supervision and control procedures (WSP), including procedures for establishing and segregating transactions pursuant to Section 34.1 of the SRC, taking into consideration the requirements of the Anti-Money Laundering Act of 2001 (RA 9160, as amended), and the Revised Code of Corporate Governance.


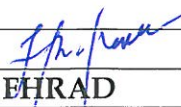


Finally, the TPs are required to submit monthly reports of complaints received, as provided by Rule 52.1.9.3. of the 2015 SRC-IRR, viz:

52.1.9.3. Every Broker Dealer shall notify in writing the SRO and the Commission of any written complaints received from the client and the action taken thereon by the Broker Dealer with respect thereto every 15th of the month. Duplicate copies of the complaints shall be attached to the report.

In case there was no complaint received from the client, TPs are still required to submit notification in writing stating to the effect that there was no client complaint received.

For information and guidance.


CORNELIO C. GISON
President

			
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