



MEMORANDUM – 2016-036

To : All Trading Participants

Subject : Submission of Data for 2017 Risk Assessment

Date : 15 December 2016

In connection with the risk assessment of all Trading Participants (TPs) by the Capital Markets Integrity Corporation (CMIC) for the conduct of the 2017 Annual Regulatory Examination, please complete and submit to CMIC the following:

Document	Deadline
Annex A	On or before <u>21 December 2016</u>
Annex B	

Further, in reference to Securities and Exchange Commission (SEC or Commission) Memorandum Circular No. 3, series of 2007, CMIC reminds all TPs of the submission of their 2016 and 2017 training programs to our office, through Mr. Ron E. Pulga, with e-mail address at repulga@cmic.com.ph, **not later than 28 December 2016**. The deadline has been set in order to facilitate the timely submission by CMIC of the above training programs to SEC by 30 January 2017, in accordance with the above circular.

Details of the training programs shall include, among others, the following information:

- a. 2016 internal training program
 - i. Seminar topics (with brief description)
 - ii. Seminar dates
 - iii. Number of participants
 - iv. Resource speaker/s
- b. 2017 internal training program
 - i. Projected seminar topics (with brief description)
 - ii. Projected seminar dates
 - iii. Target participants

iv. Target resource speaker/s

The above mentioned reports on training programs should be signed by the TP's President or Associated Person.

For your compliance.

Very truly yours,


CORNELIO C. GISON
President



Annex "A"

Data for 2017 Risk Assessment of all Trading Participants (TPs):

Name of Trading Participant	
Total Collateral Valuation of Customers' Shares as of 11/30/2016	
Total Number of Active Clients as of 11/30/2016	
Total Number of Trades (Buy and Sell) for the period 12/01/2015 to 11/30/2016	
Total Value of Trades (Buy and Sell) for the period 12/01/2015 to 11/30/2016	

I hereby attest to the truthfulness and veracity of the foregoing information.

Name of Associated Person

A.P. License No.

Date

INTERNAL CONTROL AND RISK ASSESSMENT QUESTIONNAIRE (SELF-ASSESSMENT)

Trading Participant : _____
Date Accomplished : _____

The following questions are best answered by the Associated Person in coordination with the staff/officers concerned. Answers must be based on facts observed/implemented and analyses or statements made by knowledgeable and reliable persons involved. Comments and reasons thereof shall be disclosed for items answered as "NO" or "N/A".

Particulars		Yes	No	N/A	Remarks (for No or N/A)
<i>I. Control Environment</i>					
<i>1. Management's Philosophy and Operating Style</i>					
a.	Is management concerned about internal controls and the environment in which specific controls function?				
b.	Is management directed to provide internal control measures to mitigate or at least minimize risk exposure?				
c.	Is management responsive to both operation and financial crisis situations?				
d.	Does the management review and evaluate (at least annually) existing processes and procedures (e.g. standard operating procedure, written supervisory manual, etc.) to recommend changes, if needed?				
e.	Are communication and feedback systems within the organization (e.g. Memo for Brokers, Tax Regulations)?				
f.	Is the management able to adapt to new or non-traditional roles required to meet the changing needs of the organization?				
<i>2. Monitoring of Performance</i>					
a.	Is management sufficiently involved in reviewing the organization's performance?				
b.	Are there policies and procedures implemented to ensure that assigned duties and responsibilities are properly carried out to meet organizational goals and objectives?				
c.	Are management's follow-up actions timely and appropriate in response to communications from external parties, including complaints, notification of errors and results of regulatory examination?				
<i>3. Organizational Structure</i>					
a.	Is the organizational structure appropriate for the entity's size and complexity?				
b.	Does the structure allow segregation of trading functions and back-office/settlement functions?				
c.	Are there branch offices situated in different geographical locations?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
d.	Are there policies and control procedures implemented to facilitate coordination among branch offices?				
4. Segregation of Duties					
a.	Are individuals, other than licensed salesmen of the firm, prohibited to solicit, facilitate or process orders from customers?				
b.	Are trading personnel prohibited from recording trading transactions?				
c.	Is segregation of duties for initiating and recording transactions and maintaining custody over assets in place?				
d.	Is the individual responsible for the cash receipts function not allowed to sign checks or reconcile the bank accounts, and handle accounting records other than cash receipts?				
e.	Are accounting personnel restrained from releasing securities to customers?				
f.	Are settlement personnel prohibited from processing confirmation invoices of customers?				
5. Authority and Responsibility					
a.	Are policies and procedures adequate in terms of assignment of responsibility and delegation of authority for such matters as organizational goals and objectives, operating functions, and regulatory requirements?				
b.	Are specific transactions approved by authorized persons in accordance with established policies and procedures?				
6. Independent Checks					
a.	Are calculations, extensions, additions, and accounting classifications independently reviewed?				
b.	Are assets on hand periodically inspected and physically counted, and the results reconciled with asset records?				
c.	Are subsidiary ledgers and records reconciled to the general ledger?				
d.	Are data from different sources compared to check accuracy and completeness (e.g. SPR and EQ Folio)?				
e.	Are there policies and procedures implemented to ensure that checks, bank transfers and withdrawals are prepared only on the basis of appropriately checked and approved supporting documents?				
f.	Is securities count being performed and documented on a monthly basis?				
7. Human Resources Policies and Practices					

Particulars		Yes	No	N/A	Remarks (for No or N/A)
a.	Are human resources policies for hiring, retaining and rewarding capable personnel adequate?				
b.	Are there controls in place to ensure that all personnel hired meet education, experience, and/or credential requirements?				
c.	Are there clearly defined formal job descriptions for each position?				
d.	Does the Company regularly updates its organizational structure and job description of each employee's position?				
e.	Are formal meetings held with employees to discuss/update Company's policies and procedures?				
f.	Are standards and procedures for promoting, transferring, retiring, and terminating personnel sufficient?				
g.	Do training programs for employees offer opportunities to improve their performance, encourage advancement, or provide a vehicle for addressing employee or organizational weaknesses relative to new laws, regulations and policies?				
h.	Is there a low management and staff turnover?				
8. Safeguards over Access to and Use of Assets and Records/Forms					
<i>Forms/Records</i>					
a.	Are procedures established to provide reasonable assurance that current files can be recovered in the event of a computer failure?				
b.	Is access to programs and data files restricted to authorized personnel only?				
c.	Are secured facilities used by authorized personnel only?				
d.	Is access to accountable forms and equipment limited to authorized personnel only?				
e.	Is access to passbooks and unissued checks limited to authorized custodian only?				
f.	Are pre-numbered forms used to record all transactions of the company?				
g.	Are pre-numbered forms used periodically accounted for and filed sequentially (including voided/cancelled forms)?				
<i>Cash/Other Equivalent Monetary Instruments</i>					
a.	Are authorized signatories effecting transactions for cash maintained in banks supported by Board Resolution or duly notarized Secretary's Certificate?				
b.	Is access to passbooks, unissued checks and Petty Cash Fund limited to the authorized custodian only?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
c.	Are collections deposited to the bank on the same day or immediately the following banking day if received beyond the banking hours?				
d.	Are advances from the PCF supported by duly filled up and approved Petty Cash Advance Form?				
e.	Are there guidelines and procedures implemented governing petty cash disbursements (e.g. allowable expenses)?				
f.	Are Petty Cash Vouchers (PCV) presented for replenishment duly supported by Official Receipts (ORs)?				
g.	Are there adequate controls implemented to ensure that all and only authorized standing data for payroll are used in the payroll preparation?				
h.	Is there a staff/officer assigned to review/check the calculation of gross pay and payroll deductions prior to payment?				
i.	Is individual payroll approved in writing by an authorized officer prior to final settlement?				
j.	Are payroll-related adjustments properly documented?				
k.	Is there a system adopted to ensure that remittances of payroll deductions are made on time? (e.g. withholding taxes, social security and philhealth premiums, workmen's compensation premiums, etc.)				
l.	Is there a staff/officer, other than the custodian of unissued checks, assigned in accounting for issuance/usage of checks?				
m.	Are checks and individual bank transfers (as to payees, dates, amounts) recorded in the company's books compared with the entries in the bank statements and with the paid checks and other documents supporting the bank statements?				
n.	Are bank reconciliations performed and reviewed by a designated staff/officer with reconciling items followed-up on and resolved in a timely manner?				
<i>Securities</i>					
a.	Is access to securities certificates limited to authorized custodian only?				
b.	Are issuances/receipts of certificates supported by duly accomplished Securities In and Out Receipts?				
c.	Does the TP promptly obtain and maintain physical possession and control of all fully paid securities and excess margin securities carried for the account of customers?				
<i>Other Assets</i>					

Particulars		Yes	No	N/A	Remarks (for No or N/A)
a.	Are land, buildings and other fixed assets shown in the property records compared with its related documents of title on file at a reasonably regular intervals (e.g. annually)?				
b.	Are accepted secured demand notes adequately collateralized, the collateral in bearer form or registered in the name of the Registrant or the name of its nominee or custodian?				
c.	Are incoming and outgoing assets counted, inspected, and received or given up on the basis of proper authorization in accordance with established policies and procedures?				
d.	Are physical measures designed to safeguard assets from theft/fire/miscarriage?				
9. Fraud Detection					
a.	Are there existing policies and procedures in preventing fraud and intentional errors?				
b.	Is there an individual assigned to identify the processes, controls, and procedures needed to mitigate fraud risk?				
c.	Are management control methods adequate to investigate unusual or exceptional situations and to take appropriate and timely corrective actions?				
10. Budget Control					
a.	Does management demonstrate an immense concern for reliable budget information?				
b.	Is management involved in determining when, how much, and for what purpose expenditures can be made?				
c.	Are actual expenditures periodically compared with budgets?				
II. Reliability of Financial Reporting					
A. Design and Use of Records					
a.	Does the company maintain an accounting procedures manual?				
b.	Does the company maintain a written chart of accounts containing a description of each account used?				
c.	Are all reports substantiated and evaluated by supervisory personnel?				
d.	Are there documented policies and procedures for initiating transactions and for identifying and monitoring those transactions and amounts requiring attention relative to ownership issues?				
e.	Are there documented policies and procedures for initiating and monitoring transactions and amounts related to liabilities?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
f.	Do significant transactions require the approval of authorized personnel?				
g.	Are journal entries prepared, reviewed and compared with supporting details where necessary and approved by authorized personnel?				
h.	Are there documented policies and procedures in preparing financial statements by authorized personnel having sufficient experience and expertise to ensure compliance with accounting standards?				
2. Valuation of Recorded Amounts					
a.	Are there procedures implemented to detect errors and omissions and to evaluate recorded balances?				
b.	Are there documented policies and procedures for properly classifying and describing financial information in the financial statements?				
c.	Are all cash in banks reflected in the Books under the name of the Trading Participant (TP)?				
d.	Does the company periodically evaluate the condition and assess the market value of assets?				
e.	Are financial assets held for trading recognized at market values?				
f.	Are cost of additions, disposals, and other pertinent adjustments properly and timely taken up in the subsidiary records?				
g.	Are there policies and guidelines defined on depreciation methods, useful lives and estimated realizable value?				
h.	Are there policies and guidelines implemented on the calculation of depreciation in the year of acquisition and disposal?				
i.	Are money balances and securities positions per clearing account promptly and accurately reconciled?				
j.	Are intercompany accounts (if with parent/subsidiaries) properly stated/recorded and properly treated in the RBCA computation?				
k.	Are significant expense accounts incurred but unpaid properly accrued at the end of each accounting period?				
l.	Are there enough Allowance provided for Doubtful Accounts?				
C. Preparation of Reports and Supporting Schedules					
a.	Is periodic (e.g. monthly) preparation of trial balance and financial statements observed and made on a timely basis?				
b.	Is the trial balance reconciled to the general ledger to ensure correctness of figures reflected?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
c.	Are there existing controls (e.g. reconciliation of totals) implemented to ensure the mathematical accuracy of the summaries (e.g. books of original entry) to be used as a basis for making entries in the general ledger?				
d.	Is there a staff/officer designated to check and approve the summaries before they are posted to the general ledger?				
e.	Are all non-recurring entries in the general ledger required to be supported by journal vouchers?				
f.	Are these journal vouchers required to be supported by adequate documentation?				
g.	Are these journal vouchers reviewed and approved by a designated officer who is not involved in their origination?				
h.	Is there a staff/officer assigned to review and approve veracity and existence of posted entries in the general ledger (e.g. review of list of journal entries to supporting documents)?				
i.	Is there a staff/officer assigned to ensure that all documents have been accounted for and posted to the general ledger (e.g. tracing of supporting documents to the entries posted)?				
j.	Are there policies and procedures in place to assure that no unauthorized changes are made to reports/documents during subsequent processing?				
k.	Are there subsidiary records maintained for each category of properties (e.g. land and buildings; leasehold improvements; plant, machinery and equipment; furniture, fixtures and equipment; transportation equipment; fixed assets leased to or lent to third parties; capitalized leases; other fixed assets)?				
l.	Do the subsidiary records provide, for each property item, sufficient details for: Adequate identification of the fixed asset; _____ Cost; _____ Its accumulated depreciation?	_____	_____	_____	_____
III. Compliance with Regulatory Rules					
A. Books and Records Rule					
a.	Are the following books and records maintained and kept current at the principal office of the business and are made available upon request by the Exchange, SRO or Commission for audit/examination purposes? Blotters (or other records of original entry) _____ Ledgers	_____	_____	_____	_____

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	A memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted				
	A memorandum of each purchase and sale for the account of such Broker Dealer showing the price and to the extent feasible, the time of execution				
	Copies of confirmations of all purchases and sales of securities				
	A record in respect of each cash or margin account with such Broker Dealer indicating (A) the name and address of the beneficial owner of such account, and (B) in the case of a margin account, the signature of such owner, <i>provided</i> , that, in the case of a joint account or an account of a corporation, such records are required only in respect of the person or persons authorized to transact business for such account				
	A record of all puts, calls, spreads, straddles and other options in which such Broker Dealer has any direct or indirect interest or which such Broker Dealer has granted, purchased or guaranteed, containing, at least, an identification of the security and the number of units involved				
	A record of the proof of money balances of all ledger accounts in the form of trial balances, and a record of the computation of aggregate indebtedness and RBCA Ratio, as of the trial balance date. Such trial Balances and computations shall be computed daily, provided in writing upon the request of the Commission or any Exchange or SRO to which a Broker Dealer is a member, and submitted to both institutions Monthly.				
	A questionnaire or application for employment executed by each associated person and salesman of such Broker Dealer, which questionnaire or application shall be approved in writing by an authorized representative of such Broker Dealer and shall contain at least the following information with respect to such person.				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	Logbook on Material Compliance and non-Compliance of Broker firms and the Compliance Reports maintained and/or submitted by the Associated Person pursuant to SRC Rule. 30.26 Paragraph (6)				
	Result of monthly securities count				
b.	Are the implemented accounting and settlement system fully computerized?				
c.	Are the Commission and the Exchange/SRO furnished, within One Hundred Ten (110) days, the audited financial report of a Commission-accredited independent public accountant at the close of its fiscal year?				
d.	Does the Annual Audited Financial Report contain the following:				
	Statement of Financial Condition				
	Statement of Income				
	Statement of Changes in Financial Condition or Statement of Cash Flows				
	Statement of Changes in Stockholders' Or Partners' or Sole Proprietor's Equity				
	Statement of Changes in Liabilities Subordinated to Claims of General Creditors				
	Computation of RBCA				
	A Statement of Management's Responsibility				
	Information relating to the Possession or Control Requirements				
	Computation for Determination of Reserve Requirements				
	A Report describing any material Inadequacies found to exist or found to Have existed since the date of the Previous audit				
	Results of Monthly Securities Count				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	Conducted				
e.	Are the foregoing reports in accordance with the format outlined by the Commission?				
f.	Are the supporting papers pertaining to the foregoing reports or statements kept in the possession of the Broker Dealer for at least five (5) years and are made available for examination by the Commission and Exchange/SRO?				
g.	Are all information captured by the computerized trading system of the Exchange printed and made available for legal and/or audit purposes?				
B. Anti-Money Laundering Act (AMLA)					
a.	Is there an Anti-Money Laundering Act (AMLA) Operating Manual adopted?				
b.	Is there an updated compilation of AMLA resolutions maintained?				
c.	Is the Commission furnished with the AMLA Operating Manual?				
d.	Is the Know-your-Customer (KYC) Policy strictly implemented?				
e.	Are the minimum identity documents required by the AMLA obtained prior to the settlement of any transaction in the account?				
f.	Are there policies and procedures implemented to ensure validity of the documents presented?				
g.	Is opening of account without face-to-face contact not allowed?				
h.	Is a Customer Account Information Form (CAIF) required to be completely filled up and signed by the client prior to effecting any transaction?				
i.	Does the CAIF require the following information?				
	Name	-----	----	-----	-----
	Nationality	-----	----	-----	-----
	Option whether confirmation of customer Orders would be sent via courier, Facsimile or electronically	-----	----	-----	-----
	Tax identification number, Social Security System Number or Government and Insurance System Number	-----	----	-----	-----
	Investment objective and other related information concerning the customer's financial situation and needs	-----	----	-----	-----
	Signature of the salesman introducing the account	-----	----	-----	-----

Particulars	Yes	No	N/A	Remarks (for No or N/A)
Signature of the partner, officer or manager who accepts the account				
If duplicate confirmations are required to be sent to another person, the identity of that person and his relationship to the customer				
Source of fund(s)				
Account type				
Annual Income				
Assets				
Net worth				
Name of Attorney-In-Fact, if applicable				
Accounts with other Broker Dealer				
<i>Individual Customers only</i>				
Residence telephone number				
Date and place of birth				
Occupation				
Nature of business, if self-employed				
Name, address and telephone number of employer, if employed				
Whether the customer is employed by or otherwise Associated with another Broker Dealer (e.g. officer, director, salesman, shareholder) whether the customer is an officer or director of a company listed on an exchange				
Name of spouse, if applicable				
<i>Corporate/Institutional Customers only</i>				
Articles of Incorporation				
By Laws				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	<p>Secretary's certificate of board resolution authorizing the opening of the account.</p> <p>_____</p> <p>List of Directors & Partners</p> <p>_____</p> <p>List of stockholders</p> <p>_____</p> <p>Contact Numbers</p> <p>_____</p> <p>Names and specimen signatures of any person authorized to transact business on behalf of the entity</p> <p>_____</p> <p>Official address or principal business address</p> <p>_____</p> <p><u>For Discretionary Account</u></p> <p>Signature of authorized person to exercise discretion.</p> <p>_____</p> <p>Date such discretion is granted.</p>				
j.	Is there a system implemented to keep current all material information contained in the customers' CAIF?				
k.	If more than one party is named on the account, is a separate account information obtained from each party?				
l.	For customers maintaining numbered accounts, is there a duly signed written statement (stating that the customer owns the account) obtained?				
m.	Does the Order Ticket, Statement of Accounts and Confirmation Invoices contain all the information required by the Commission?				
n.	Are customers' documents such as CAIF, Client Agreement, Statement of Accounts and any other records stating the terms and conditions with respect to the opening and maintenance of account, including but not limited to customer identification, account files and business correspondence preserved for a period of not less than five (5) years after the closing of any customer's account?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
o.	Are documents of customers, as stated above, with money laundering, criminal or administrative case/s filed in court or with an investigation being conducted wherein the customer is involved or impleaded as a party to the case or investigation, retained beyond the five (5) year period until it is confirmed by final judgment that the case has been finally resolved or terminated by the court?				
p.	In case of corporate clients, is there a system of verifying their legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf?				
q.	Is there a system implemented to obtain reasonable assurance that the corporate entity has not been or is not in the process of being dissolved, wound up, liquidated, or voided, or that its business or operations has not been or is not in the process of being closed, shut down, phased out, or terminated prior to establishing a business relationship?				
r.	Are anonymous accounts, accounts under fictitious names, and all other similar accounts absolutely prohibited?				
s.	Are transactions in cash or other equivalent monetary instrument involving a total amount in excess of Five Hundred Thousand Pesos (Php500,000.00) within one (1) banking day reported to the AMLC?				
t.	<p>Are transactions, regardless of amount involved, where any of the following circumstances enumerated under Sec. 3 (b-1) of the AMLA or Rule 3.b.1 exists reported to the AMLC?</p> <p>a. There is no underlying legal or trade obligation, purpose or economic justification;</p> <p>b. The client is not properly identified;</p> <p>c. The amount involved is not commensurate with the business or financial capacity of your clients;</p> <p>d. Any circumstance relating to the transaction which is observed to deviate from the profile of the client's and/or the client's past transactions with you;</p> <p>e. The transactions is in any way related to an unlawful activity or offense under the AMLA that is about to be, is being or has been committed;</p> <p>f. Any transaction that is similar, analogous or identical to any of the foregoing;</p> <p>g. The information given by the client is proven false or fraudulent.</p>				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
u.	Are all block sales settled in cash reported as covered transaction to the AMLC?				
<i>C. Code of Conduct and Professional Ethics for Traders and Salesmen</i>					
a.	Are traders' and salesmen's personal transactions supported by prior written approval of the Associated Person?				
b.	Are all personal transactions of traders and salesmen transacted only through their own firm?				
c.	Are traders prohibited from maintaining more than one (1) dealing account?				
d.	Are traders and salesmen not allowed to combine an order for their own account with customer orders for the same security?				
e.	Are traders and salesmen prohibited from entering into any securities transactions in their personal capacity with any customer of their company?				
f.	Are traders and salesmen prohibited from commingling the securities of a customer with their own securities or commingling their securities with those of their customers?				
g.	Are traders and salesmen prohibited from sharing, directly or indirectly, in the profits or losses from trading in an account, other than their own, carried by the TPs whom they represent or by any other Trading Participant?				
h.	Are traders and salesmen prohibited from borrowing money or securities from customers in connection with any transaction in securities?				
i.	Are traders and salesmen prohibited from dividing or otherwise splitting commissions, profits or other compensation in connection with the purchase or sale of securities with any other person not licensed as a trader or salesman?				
j.	Are traders and salesmen who have information that a customer has placed a buy or sell order prohibited from buying or selling in the same way, including buy or sell orders made for discretionary account, until the customer's order or decision to buy or sell has been executed or canceled?				
k.	Are traders and salesmen prohibited from taking advantage, directly or indirectly, of any confidential material information pertaining to a security and/or to a broker dealer such as, but not limited to, unpublished research material and/or a Firm's shareholdings?				
l.	Are traders and salesmen prohibited from undertaking any transaction or engaging in any other work which reduces their contribution or				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	efficiency in their duties and responsibilities to their company and customers?				
m.	Are there established policies, procedures, guidelines and mechanics to monitor and control personal transactions of traders and salesmen to ensure that the privilege granted to them in trading for their own accounts are not abused?				
n.	Are all salesmen/trader involved in effecting any transaction in, or induce the purchase or sale of any security duly licensed by the Securities and Exchange Commission (SEC)?				
D. Order Ticket Rule					
a.	Are orders received entered in the order tickets and were properly time stamped upon receipt of the customers' orders?				
b.	Are signatures of salesmen/traders involved in transaction processing indicated in the order tickets?				
c.	Are the following information disclosed in the order ticket? Whether the firm is acting as agent or principal in connection with the transaction ----- Terms and conditions of the order or instructions whether the order is a short sale, and any subsequent Modification or cancellation, ----- The signature of the salesman who took the order ----- The price as instructed by the client and executed ----- Whether the order was solicited or unsolicited ----- Officers' approval				
d.	Are all time stamping machines used, synchronized in accordance with the official time of the Exchange and its time stamping prints clear?				
e.	Does the order ticket indicate that the order is for the account of the Broker-Dealer, associated person or other employee thereof, owner, officer or director of the Broker-Dealer?				
f.	Are all order tickets retained and filed in chronological order?				
E. Commissions and Charges for Services Performed by a Broker Dealer					
a.	Is a Schedule of their minimum commission rates filed with the Commission?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
b.	Are commission fees, interest charges, service charges, transfer fees, and other fees charged to client as prescribed?				
c.	Are discounts and/or rebates prohibited?				
F. Customer First Policy					
a.	Are stockholders, officers, directors, associated persons, or any other person associated with the company prohibited from trading outside the employing Member-Broker (unless with express permission obtained from the employing Member Broker)?				
b.	Are orders properly flagged?				
G. Confirmation of Customer Order					
a.	Are confirmation forms sent/delivered to the clients or their authorized representatives on the day on which the transactions are executed?				
b.	Are there received copies maintained?				
c.	Does the confirmation form contain (at least) the following information: A statement as to whether the Broker Dealer is Broking for a customer or another Broker Dealer is dealing for himself pursuant to Section 34.1 to (d) of the Code and SRC Rule 34.1, paragraph 1; That the Broker Dealer is controlled by, or Controls, or is under common control with the issuer of such security if such be the fact; Whether the transaction was solicited or unsolicited by the Broker Dealer or whether the transaction was executed pursuant to the exercise of discretionary power; and For facsimile transmission and electronic Confirmations, the reminder that clients must confirm their orders, not later than 12 noon of the next business day.				
H. Customer Account Statements					
a.	Are customer account statements sent monthly to active customers and quarterly to inactive customers?				
b.	Are received copies maintained on file?				
J. Client Agreement					
a.	Are clients required to execute "Client Agreement" stating the terms and conditions of the services to be provided prior to effecting any transaction or before any service is provided?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
b.	Are the contents of the Agreement explained to the clients?				
c.	Are the following information disclosed in the Client Agreement?				
	Full name and address of the client				
	Full name and registered address of the Broker Dealer;				
	Broker Dealer's registration status with the Commission				
	Undertakings by the Broker Dealer and the client to notify the other in the event of any material change to the information provided in the agreement				
	A description of the nature of services to be provided to or available to the client, such as securities cash account, securities margin account, discretionary account, portfolio management, investment advice, derivatives trading				
	A description of any remuneration (and the basis for payment) that is to be paid by the client to the Broker Dealer, such as commission, brokerage, and any other fees and charges				
	A statement indicating the circumstances under which the Broker dealer will be acting as principal in relation to the client and that in all other circumstances the Broker Dealer will be acting as agent for the client				
	If margin or short selling facilities are to be provided to the client, details of margin requirements, interests charges, margin calls, and the circumstances under which a client's position may be closed without the client's consent				
	A risk disclosure statement				
K. Manipulative Practices					
a.	Are the following prohibited: Engaging in transactions in which there				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	is no genuine change in actual ownership of a security (wash sales)				
	Taking advantage of a shortage of Securities in the market by controlling the demand side and exploiting market congestion during such shortages in a way as to create artificial prices				
	Disseminating false or misleading Market information through media, Including the internet, or any other Means to move the price of a security in a direction that is favorable to a position held or a transaction				
b.	Is there a system implemented to ensure that all communications made with the public are based on principles of fair dealing and good faith?				
<i>L. Block Sale</i>					
a.	Are the prescribed minimum transaction value of Php20M for Regular Block Sales and Php50M for Special Block Sales and other requirements complied with?				
<i>M. Margin and Discretionary Accounts</i>					
a.	Are separate broker-client margin and/or discretionary agreements obtained from customers with margin and discretionary accounts?				
b.	Are there control procedures implemented in handling discretionary and/or margin accounts?				
c.	Does the company prohibit extending of credit in excess of fifty percent (50%) of the current market value of the security at the time of the transaction?				
d.	Does the company prohibit extending new credit to an account in which the equity is less than Fifty Thousand Pesos (P50,000.00)?				
e.	Is the margin maintained in a margin account of a customer not less than twenty five percent (25%) of the current market value of all securities "long" in the account and thirty percent (30%) of the current market value of securities "short" in the account?				
f.	When there is an insufficiency of margin, is a call for additional margin issued to the customer within 24 hours?				
g.	If a margin call is not met within the time prescribed, does the company liquidate the securities sufficient to meet the margin call or eliminate the margin deficiency existing on the day such liquidation is required, whichever is lesser?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
h.	Are there policies and procedures implemented to ensure that recommendations made on the customers' purchase or sale of securities are suitable to their needs, investment objective and financial condition?				
<i>N. Customer Complaint Rule</i>					
a.	Are customer complaints files and the corresponding actions taken by the Company properly indexed and filed?				
b.	Are there policies and procedures established to ensure proper handling of complaints from clients and that appropriate remedial action is promptly taken?				
c.	Is the investigation conducted by the Associated Person performing the compliance function who is not directly involved in the subject matter of the complaint?				
<i>O. Customer Protection Reserves and Custody of Securities</i>					
a.	Is the required reserve account computed regularly (weekly or monthly as prescribed)?				
b.	Is the Reserve Bank Account computed in accordance with the prescribed formula?				
c.	Is there a Special Reserve Bank Account for the Exclusive Benefit of Customers" (in a form of cash and/or qualified securities) which is separate from any other bank account maintained?				
d.	Is the Reserve Bank Account supported by the prescribed Reserve Bank Account Agreement?				
e.	Are the Commission and the Exchange/SRO furnished with a copy of the Reserve Bank Account Agreement duly received by the Bank?				
<i>P. Purchases and Sales in Cash Account</i>					
a.	Are purchases by a customer in a cash account required to be paid in full within three (3) business days after the trade date?				
b.	Is mandatory close-out effected if full settlement is not received within the required time period?				
c.	Is the transaction cancelled or liquidated, or the unsettled portion thereof, starting on the next business day but not beyond ten (10) business days following the last day for the customer to pay?				
<i>Q. Short Sales</i>					
a.	Is there a system implemented to determine that the customer owns the security and will deliver in good deliverable form within three (3) business days of the execution of the order in case of a long sale order?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
b.	Is there a system implemented prohibiting the use of any facility of a securities exchange to effect a short sale of any security unless (1) at a price higher than the last sale or (2) at the price of the sale if and only if that price is above the next preceding different sale price on such day?				
R. Monthly Aging of Customer Receivable					
a.	Is Monthly Aging of Customers Receivable prepared?				
b.	Is the Commission furnished with a copy of its Monthly Aging Schedule of Customers Receivable on or before the 15th of the following month?				
c.	Is the Aging Schedule submitted to the Broker Dealer's Audit Committee or in lieu thereof, its Board of Directors?				
S. RBCA					
1. General Obligation					
a.	Is the Risk Based Capital Adequacy Requirement/Ratio (RBCA) greater than or equal to 1.1?				
b.	Is the NLC greater than or equal to Php5,000,000.00 or 5% of Aggregate Indebtedness whichever is higher?				
c.	Is a computation of the RBCA made on a daily basis and can be immediately provided in written form upon request of the Exchange/SRO and/or the Commission?				
d.	Is the RBCA (certified by the firm's Associated Person and President/Nominee Director) filed with the Commission on or before the 15th of the following month?				
e.	Is a copy of the above report also furnished to the Broker Dealer's Audit Committee or in lieu thereof, its Board of Directors?				
f.	Is the aggregate indebtedness to all other persons lesser than or equal to 2,000 percent of its net liquid capital?				
g.	Does the company notify the Commission in writing within twenty four (24) hours, upon occurrence of any of the following events? The computation shows that its Aggregate Indebtedness is in excess of 1,700% of its NLC ----- The computation shows that its total NLC is less than one hundred twenty percent (120%) of the required minimum net liquid capital				
h.	Is the notice filed with the Commission accompanied by a proposal to comply with the RBCA requirement				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	and which must be effected within ten (10) calendar days?				
i.	Pending actual implementation, was the Commission notified of its net liquid capital position on a daily basis?				
2. Net Liquid Capital and Risk Requirement					
a.	Are adjustments such as Deferred Income Tax, Revaluation Reserve, Deposit for Future Subscription, and Subordinated Loan properly reflected in computing Equity Eligible for NLC?				
b.	Are all ineligible assets properly deducted in the computation of net liquid capital?				
c.	Are securities held for investment purposes excluded in the computation of Net Liquid Capital?				
d.	Is the 3-year average gross revenue value used in the computation of the Operational Risk Requirement (ORR) based on audited financial statements?				
e.	Is Operational Risk lesser than Core Equity at all times?				
f.	Are foreign currency positions subjected to Position Risk Requirement?				
g.	Are all debt and equity securities marked to market?				
h.	Is Counterparty Risk Requirement calculated for the following Counterparty exposures? Unsettled customer trades (arising from Customer-to-broker agency Relationship) ----- Unsettled principal trades (arising from Broker-to-Broker-to-Exchange/Clearing Agency Relationship) ----- Loans and other dues ----- Free deliveries ----- Securities lending and borrowing ----- Margin lending ----- Sub-underwriting arrangements or best efforts Underwriting arrangements				
i.	Are all counterparty exposures marked to market?				
j.	Is the value of the collateral or security used to reduce Counterparty Risk Exposure already net of the appropriate Position Risk?				
k.	Is the Large Exposure Risk (LERR) in relation to the following properly computed?				

Particulars		Yes	No	N/A	Remarks (for No or N/A)
	Exposure to a single client or counterparty				
	Direct exposure to debt				
	Direct exposure to a single equity and its group of companies				
l.	In case of any breach of maximum LER as computed above, was such promptly reported to the Commission?				
m.	Are common stock treasury shares, perpetual and non-cumulative preferred stock treasury shares and unbooked valuation reserves and other capital adjustments deducted in the computation of Core Equity?				
n.	Are equity securities properly classified as Equities in PSEI, Equities outside PSEI or Equities not listed in the Exchange but proven marketable?				
o.	Are debt securities properly classified as Republic of the Philippine Bonds and Other Corporate Debts?				
U. Others					
a.	Is sharing of PAM ID prohibited when posting customer orders?				
b.	Is Notice of Discontinuation of Employment of a salesman or associated person including the reasons thereof (using SEC Form 28-T), furnished to the Commission and Exchange/SRO within thirty (30) days after the discontinuation of employment?				
c.	Are dividends distributed to customers within 30 days upon receipt?				

I hereby certify to the best of my knowledge that the foregoing answers and disclosure statements are true and correct.

Associated Person