



MEMORANDUM – 2026-018

**TO : THE TRADING PARTICIPANTS
AND THE INVESTING PUBLIC**

**SUBJECT : REQUEST FOR COMMENTS ON PROPOSED
AMENDMENTS TO RULE 48.1 (MARGIN)
OF THE 2015 SRC RULES**

DATE : 26 AUGUST 2026

The Securities and Exchange Commission En Banc, in its meeting held on 25 August 2026, resolved to expose the attached draft Memorandum Circular on the **Proposed Amendments to Rule 48.1 (Margin) of the 2015 Implementing Rules and Regulations of the Securities Regulation Code.**

Thus, the Commission is requesting comments, suggestions, and/or inputs from all concerned on the proposed draft Memorandum Circular. The written comments, suggestions, and/or inputs may be submitted on or before 15 September 2026 through email at iprd_msrd@sec.gov.ph with the proposed subject of "COMMENTS ON THE PROPOSED AMENDMENTS TO SRC RULE 48.1."

Thank you.

(original signed)

GERARD B. SANVICTORES

President

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SEC MEMORANDUM CIRCULAR NO. ____
Series of 2026

TO : ALL CONCERNED

**SUBJECT : PROPOSED AMENDMENTS TO RULE 48.1 (MARGIN) OF THE 2015
IMPLEMENTING RULES AND REGULATIONS OF THE SECURITIES
REGULATION CODE**

WHEREAS, Section 2 of the Securities Regulation Code (SRC) declares it a policy of the State to promote the development of the capital market, protect investors, encourage the widest participation of ownership in enterprises, prevent market manipulation and abusive practices, and strengthen investor confidence in the Philippine capital market;

WHEREAS, Section 5 of the SRC vests upon the Securities and Exchange Commission (SEC) the authority to regulate the securities market to ensure investor protection and the maintenance of fair, efficient, and orderly markets;

WHEREAS, Rule 48.1 of the 2015 Implementing Rules and Regulations of the SRC (2015 SRC Rules), presently governs the margin requirements applicable to Broker Dealers extending credit to customers for the purchase or carrying of securities;

WHEREAS, the Commission recognizes that a sound, transparent, well-regulated, and risk-sensitive Margin Financing framework is an essential component of a modern, liquid, efficient, resilient, and internationally competitive capital market;

WHEREAS, Margin Financing, when supported by prudent credit and risk management, effective regulatory oversight, and appropriate market infrastructure, promotes market liquidity, efficient price discovery, settlement efficiency, capital formation, and broader investor participation, while preserving investor protection, market integrity, and financial stability;

WHEREAS, the Commission finds it necessary to establish a principles-based regulatory framework governing Margin Financing that (a) protects investors; (b) preserves market integrity; (c) promotes prudent credit and risk management; (d) supports fair, orderly, transparent, and efficient securities markets; (e) enhances market liquidity and settlement efficiency; (f) facilitates capital formation and sustainable market development; (g) encourages responsible financial innovation and operational efficiency; (h) strengthens the resilience and international competitiveness of the Philippine capital market; and (i) remains responsive to evolving market conditions, technological developments, and internationally accepted regulatory standards, with regulatory measures adopted pursuant to this policy remaining proportionate to the risks sought to be addressed;

WHEREAS, Section 72 of the SRC vests upon the Commission the authority to issue, amend, and rescind rules and regulations and order which are necessary or appropriate to the exercise of the powers conferred upon it in the SRC;

NOW, THEREFORE, the Commission hereby amends Rule 48.1 of the 2015 SRC Rules in its entirety, as follows:

Section 1. Amendment of the 2015 SRC Rule 48.1 (Margin)

The new 2015 SRC Rule 48.1 reads as follows:

Rule 48.1 – Margin

48.1.1. - Definitions.

For purposes of this Rule:

- (a) *Broker* means any a person engaged in the business of buying and selling securities for the account of others.
- (b) *Broker Dealer* means any entity that buys or sells securities for its own and customers' account and who shall be registered with the Commission.
- (c) *Capital Markets Integrity Corporation (CMIC)* means the self-regulatory organization recognized by the Commission to regulate, supervise, examine, monitor and enforce the compliance of Broker Dealers of the Philippine Stock Exchange (PSE) with applicable laws, rules, and regulations.
- (d) *Dealer* means any person who buys and sells securities for his/her own account in the ordinary course of business.
- (e) *Collateral* means cash, Margin-Eligible Securities, or such other assets as may be recognized under the Exchange Margin Trading Rules
- (f) *Commission* means the Securities and Exchange Commission.
- (g) *Customer* means any natural or juridical person to whom Margin Financing is extended by a Broker Dealer.
- (h) *Exchange* means an organized marketplace or facility that brings together buyers and sellers, and executes trades of securities and/or commodities.
- (i) *Exchange Margin Trading Rules* means the operational rules, methodologies, procedures, standards, systems, reporting requirements, supervisory requirements, forms, manuals, circulars, operating procedures, and such other prudential or operational measures as may be adopted by the Exchange pursuant to this Rule.
- (j) *House Margin Requirement* means any prudential, collateral, concentration, credit, or risk management requirement imposed by a Broker Dealer that is more stringent than the minimum standards prescribed under this Rule.
- (k) *Initial Margin* means the minimum equity required before Margin Financing may be extended.

- (l) *Maintenance Margin* means the minimum equity required to be maintained after Margin Financing has been extended.
- (m) *Margin Account* means an account maintained by a Broker Dealer through which Margin Financing is extended to a Customer.
- (n) *Margin Financing* means the extension of credit by a Broker Dealer to a Customer for the purchase or carrying of one or more classes of Margin-Eligible Securities designated pursuant to this Rule and the Exchange Margin Trading Rules.
- (o) *Margin Financing Agreement* means the written agreement governing Margin Financing between a Broker Dealer and its Customer.
- (p) *Margin-Eligible Securities* means one or more classes of securities designated by the Exchange as eligible for Margin Financing pursuant to this Rule and the Exchange Margin Trading Rules.
- (q) *Risk-Sensitive Margin Methodology* means the methodology prescribed by the Exchange for determining Margin-Eligible Securities, margin requirements, collateral valuation, concentration limits, collateral haircuts, and other prudential standards using objective market information and appropriate quantitative and qualitative risk management techniques.
- (r) *Securities Borrowing and Lending (SBL)* means securities borrowing and lending transactions conducted in accordance with applicable laws and the rules of the Commission and the Exchange.

48.1.2. Scope and Application.

This Rule establishes the regulatory framework governing Margin Financing and prescribes the minimum prudential standards applicable thereto. This Rule shall govern:

- (a) the extension of Margin Financing by Broker Dealers;
- (b) the designation and regulation of Margin-Eligible Securities;
- (c) the establishment of minimum prudential standards governing Margin Financing;
- (d) the respective responsibilities of the Commission, the Exchange, and Broker Dealers in relation to Margin Financing;
- (e) the adoption and implementation of the Exchange Margin Trading Rules by the Exchange; and
- (f) such other matters as may be necessary to carry out the purposes of this Rule.

This Rule shall supplement, and shall be read in harmony with, the Securities Regulation Code, these Rules, and the approved rules of the Exchange. Nothing in this Rule shall be construed as creating a separate licensing, registration, financial responsibility, or supervisory framework for Broker Dealers beyond those prescribed under the Securities Regulation Code and the applicable rules of the Commission and the Exchange.

Except as expressly provided herein, nothing in this Rule shall be construed to diminish, modify, or supersede the obligations of Broker Dealers under the Securities Regulation Code and existing Rules of the Commission and the Exchange. Operational matters not expressly governed by this Rule shall

be governed by the Exchange Margin Trading Rules.

Regulatory measures adopted pursuant to this Rule shall be proportionate to the risks sought to be addressed and shall, to the extent practicable, avoid imposing unnecessary regulatory burdens that may adversely affect market efficiency, competition, innovation, liquidity, or capital formation, while remaining consistent with investor protection, market integrity, and financial stability.

Nothing in this Rule shall preclude the Commission, the Exchange, or a Broker Dealer from adopting more stringent prudential measures where reasonably necessary to protect investors, preserve market integrity, maintain financial stability, or promote the orderly development of the Philippine capital market.

48.1.3. Institutional Responsibilities.

The regulation of Margin Financing shall be implemented through a coordinated regulatory framework in which the Commission, the Exchange, the Capital Market Integrity Corporation (CMIC), and Broker Dealers perform complementary functions consistent with their respective powers and responsibilities under the Securities Regulation Code.

Nothing in this Rule shall be construed to enlarge, diminish, or modify the statutory powers and responsibilities of the Commission, the Exchange, or the CMIC under the Securities Regulation Code or other applicable laws.

The Commission shall set the minimum prudential standards and exercise continuing oversight over the implementation of this Rule, the Exchange, the Exchange Margin Trading Rules, and the CMIC. The Exchange shall establish and administer the operational market framework governing Margin Financing and prescribe the Exchange Margin Trading Rules within its statutory authority, consistent with this Rule and subject to Commission approval of material amendments. The CMIC shall supervise and enforce compliance by Broker Dealers with this Rule and the applicable Exchange Margin Trading Rules in accordance with its approved rules and delegated regulatory authority. Broker Dealers engaging in Margin Financing shall remain subject to the Securities Regulation Code and the applicable rules of the Exchange in addition to this Rule and the Exchange Margin Trading Rules.

48.1.4. Commission Oversight.

The Commission shall retain continuing supervision and oversight over the implementation of this Rule, the Exchange, the Exchange Margin Trading Rules, and the CMIC together with all other parties' subject to or participating in their enforcement and application.

Whenever necessary in the public interest, for the protection of investors, the preservation of market integrity, the maintenance of financial stability, or the orderly development of the Philippine capital market, the Commission may, consistent with applicable law and subject to due process where required:

- (a) require the Exchange to amend, suspend, repeal, or revoke any Exchange Margin Trading Rule that is inconsistent with this Rule, the Securities Regulation Code, or other applicable laws;
- (b) direct the Exchange to prescribe, amend, suspend, or repeal prudential or operational

- standards adopted pursuant to this Rule;
- (c) require the adoption of additional prudential safeguards, reporting requirements, or risk management measures;
- (d) prescribe temporary prudential measures applicable to Margin Financing whenever extraordinary market conditions, systemic risks, or other circumstances affecting investor protection, market integrity, or financial stability so require; and
- (e) exercise such other powers as may be necessary to carry out the purposes of this Rule.

Nothing in this Rule shall be construed to diminish the statutory authority of the Commission under the Securities Regulation Code or other applicable laws.

48.1.5. Delegation of Operational Rulemaking.

The Exchange shall, within ninety (90) calendar days from the effectivity of this Rule, submit to the Commission for approval the Exchange Margin Trading Rules necessary to carry out this Rule.

The Exchange Margin Trading Rules shall establish the operational and prudential framework necessary for the effective administration of Margin Financing and shall remain consistent with the policy considerations set forth in the preamble of this Circular and the minimum prudential standards prescribed under this Rule.

Without limiting the generality of the foregoing, the Exchange Margin Trading Rules may govern, as appropriate:

- (a) customer qualification and suitability;
- (b) customer disclosures and risk acknowledgements;
- (c) Margin Financing Agreements;
- (d) collateral administration, valuation, substitution, and custody;
- (e) margin administration and operational procedures;
- (f) margin calls and liquidation procedures;
- (g) books, records, reporting, and record retention;
- (h) governance, compliance, internal controls, and operational risk management;
- (i) safeguards against Margin Financing involving securities in which the Broker Dealer or any of its affiliates holds a conflicting proprietary or underwriting interest;
- (j) examinations, supervisory procedures, and regulatory reporting;
- (k) Securities Borrowing and Lending in relation to Margin Financing;
- (l) operational coordination between the Exchange and the Commission or the CMIC, as applicable;
- (m) systems, technology, cybersecurity, and business continuity measures relating to Margin Financing; and
- (n) such other operational or prudential matters as may be necessary to implement this Rule.

The Exchange shall coordinate in the development, implementation, administration, and periodic review of the Exchange Margin Trading Rules to ensure their continued alignment with the policy considerations set forth in the preamble of this Circular and the minimum prudential standards prescribed under this Rule, and to promote regulatory consistency, operational efficiency, prudent risk management, investor protection, and market integrity.

No Exchange Margin Trading Rule, and no material amendment thereto, shall take effect without the Commission's prior approval.

Where practicable, the Exchange shall consult Broker Dealers and other relevant stakeholders before adopting material amendments to the Exchange Margin Trading Rules, without prejudice to the Commission's authority under the Securities Regulation Code and this Rule.

48.1.6. Risk-Sensitive Margin Methodology.

The Exchange may, subject to Commission approval, prescribe different methodologies, prudential standards, collateral requirements, valuation methodologies, concentration limits, and margin requirements for different classes of Margin-Eligible Securities, taking into account their respective market characteristics, liquidity, volatility, settlement risks, and other relevant prudential considerations; provided, that such requirements shall not be lower than the minimum margin requirements under this Rule.

Any methodology adopted under this Rule shall be subject to periodic backtesting and independent validation by the Exchange, the results of which shall be reported to the Commission at least annually.

48.1.7. Authority to Engage in Margin Financing.

Only a Broker Dealer duly authorized under the Securities Regulation Code and the applicable rules of the Commission and the Exchange may engage in Margin Financing. The Exchange shall authorize only those Broker Dealers that, at a minimum:

- a) satisfy the financial and prudential requirements prescribed by the Commission and the Exchange;
- b) maintain adequate risk management, internal control, and operational systems for the prudent conduct of Margin Financing; and
- c) comply with such other requirements as may be prescribed by the Commission or the Exchange.

48.1.7.1. Authorized Broker Dealers During the Transition Period.

During the transition period, a Broker Dealer may engage in Margin Financing or any increase in an existing Margin Account upon determination by the Exchange that:

- (a) it has unimpaired paid-up capital of not less than One Hundred Fifty Million Pesos (Php 150,000,000.00) and complies with the Risk-Based Capital Adequacy Requirement under 2015 SRC Rule 49.1 and such other capital requirements as may be prescribed by the Exchange;
- (b) it has not been penalized by the Exchange for major violations of its rules, especially rules governing margin trading for two (2) years prior to the effectivity of this Rule; and
- (c) it has adequate operational and risk management capability to conduct Margin Financing in accordance with this Rule.

48.1.8. Responsibilities of Broker Dealers.

Every Broker Dealer extending Margin Financing shall maintain a governance, risk management, and internal control framework commensurate with the nature, scale, and complexity of its Margin Financing activities. In particular, every Broker Dealer shall:

- (a) maintain adequate financial, operational, technological, and human resources to conduct Margin Financing in a safe and sound manner;
- (b) adopt and implement written policies and procedures governing its Margin Financing activities, including prudent credit approval, margin monitoring, and risk management;
- (c) maintain effective compliance, recordkeeping, and internal control systems, and cooperate with the Commission, the Exchange, and the CMIC in the exercise of their regulatory and supervisory functions;
- (d) adopt and implement House Margin Requirements or other internal prudential standards appropriate to its risk profile and prevailing market conditions; and
- (e) conduct Margin Financing in a prudent manner consistent with investor protection, market integrity, sound risk management, and the orderly development of the capital market.

48.1.9. Progressive Migration to the New Framework.

Pending the adoption of the Exchange Margin Trading Rules, the Exchange shall administer Margin Financing using the existing regulatory framework, as modified by this Rule and these transitional provisions, and shall progressively implement the Risk-Sensitive Margin Methodology and the other prudential reforms contemplated under this Rule, guided by the policy considerations set forth in the preamble of this Circular.

48.1.10. Margin-Eligible Securities.

The Exchange shall establish objective, transparent, and risk-sensitive standards for the designation, classification, periodic review, suspension, and removal of Margin-Eligible Securities, subject to the supervision and oversight of the Commission. The Exchange may designate different classes of Margin-Eligible Securities and prescribe prudential requirements applicable to each class, consistent with this Rule.

In establishing such standards, the Exchange shall consider, at a minimum:

- (a) market liquidity and trading activity;
- (b) the risk characteristics of the security;
- (c) market integrity and investor protection considerations; and
- (d) such other prudential factors as the Exchange, with the oversight of the Commission, may determine appropriate.

The Exchange shall periodically review the eligibility and classification of Margin-Eligible Securities and make such revisions as may be necessary to ensure that Margin Financing remains consistent with the objectives of investor protection, prudent risk management, market integrity, and the orderly development of the capital market.

48.1.10.1 Interim Margin-Eligible Securities.

Pending the adoption and effectivity of the Exchange Margin Trading Rules as required under Rule 48.1.5 above, Margin Financing shall be limited to equity securities that are constituents of:

- (a) PSE Composite Index (PSEi);
- (b) MSCI Philippines Index;
- (c) such other equity securities or classes of equity securities as may be designated by the Exchange and subject to the continuing supervision and oversight of the Commission.

Nothing in these transitional provisions shall be construed to authorize Margin Financing for other classes of securities until such securities are designated as Margin-Eligible Securities pursuant to this Rule and the Exchange Margin Trading Rules.

48.1.11. Interim Margin Requirements.

Pending the adoption of the Risk-Sensitive Margin Methodology contemplated under this Rule:

48.1.11.1. A Broker Dealer shall not extend credit to a Customer in an amount that exceed sixty percent (60%) of the current market value of the Margin-Eligible Security at the time of the transaction. No new Margin Financing or increase in an existing Margin Account shall be granted unless the Customer maintains equity of at least Fifty Thousand Pesos (₱50,000.00) in the Margin Account.

48.1.11.2. The margin maintained in a Margin Account of a Customer shall be no less than thirty percent (30%) of the current market value of the Margin-Eligible Securities.

48.1.11.3. A Broker Dealer may prescribe more conservative House Margin Requirements, collateral standards, customer qualification standards, concentration limits, or other prudential measures consistent with its written credit and risk management policies.

48.1.11.4. Upon the recommendation of the Exchange, the Commission may prescribe different interim prudential requirements applicable to specified classes of Margin-Eligible Securities or prevailing market conditions whenever necessary in the public interest, for the protection of investors, the preservation of market integrity, the maintenance of financial stability, or the orderly development of the Philippine capital market.

48.1.12. Interim Margin Calls.

Pending the adoption of the Risk-Sensitive Margin Methodology, the following requirements shall govern Margin Calls and the maintenance of Margin Accounts:

48.1.12.1. Issuance of Margin Call. Where the equity in a Margin Account falls below the applicable Maintenance Margin Requirement, the Broker Dealer shall promptly issue a Margin Call requiring the Customer to restore the required margin. The Margin Call notice shall state that failure to comply within the applicable period may result in the liquidation of

securities or other collateral in the Margin Account without further notice or consent, in accordance with Rule 48.1.12.3.

48.1.12.2. Compliance Period. Unless a shorter period is prescribed under the applicable Margin Financing Agreement or the Broker Dealer's House Margin Requirements, the Customer shall satisfy the Margin Call not later than three (3) trading days from receipt thereof.

48.1.12.3. Failure to Comply with Margin Call. If the Customer fails to satisfy the Margin Call within the applicable period, the Broker Dealer may, without further notice or demand and without obtaining the Customer's prior consent, except as may otherwise be required under the Margin Financing Agreement or applicable law, sell, liquidate, or otherwise dispose of any securities or other collateral held in the Margin Account, in such manner, quantity, and at such time as the Broker Dealer reasonably determines necessary to:

- (a) restore compliance with the applicable Maintenance Margin Requirement;
- (b) reduce or satisfy the Customer's outstanding obligations under the Margin Financing Agreement; or
- (c) protect the Broker Dealer against actual or potential losses arising from the Margin Financing transaction.

Any deficiency remaining after such liquidation shall remain the obligation of the Customer, without prejudice to the Broker Dealer's right to recover the same through any remedy available under the Margin Financing Agreement, this Rule, or applicable law.

The Broker Dealer shall notify the Customer of the liquidation, including the securities or collateral liquidated and the resulting status of the Margin Account, not later than the business day following the day of liquidation.

A Broker Dealer may, in its discretion, agree in writing with a Customer to forbear from liquidation upon terms for the cure of the margin deficiency, including a repayment or replenishment schedule, for such period as the Broker Dealer deems commensurate with the risk involved.

48.1.12.4. Extension of Payment. The required payment date for a call for Initial Margin may be extended by seven (7) days upon written application delivered by hand, email, or other equally prompt means by the Broker Dealer to the Exchange, in the case of members of that Exchange, or to the Commission, in the case of non-Exchange members. In granting such an extension, the Exchange or Commission will take into consideration whether the Broker Dealer and the Customer are acting in good faith and whether exceptional circumstances warrant such extension. Application for the extension must be received and acted upon before the expiration of the original payment period or the expiration of any previous extension.

48.1.13. Preservation of Risk Management Authority.

Nothing in this Rule shall be construed to limit the authority of a Broker Dealer to:

- (a) impose Initial Margin Requirements or Maintenance Margin Requirements that are more stringent than the minimum requirements prescribed under this Rule;
- (b) establish and apply prudent House Margin Requirements and risk management policies consistent with this Rule and the Exchange Margin Trading Rules; or
- (c) require additional collateral, restrict further extensions of Margin Financing, refuse additional credit, or liquidate collateral at an earlier time, where permitted under the

Margin Financing Agreement and reasonably necessary for prudent risk management, the protection of Customers, the safeguarding of the Broker Dealer's financial condition, or the preservation of fair and orderly markets.

Nothing in this Rule shall prevent a Broker Dealer from taking earlier or additional protective measures unless prohibited under the Margin Financing Agreement.

48.1.14. Existing Margin Accounts and House Requirements.

Margin Accounts lawfully established prior to the effectivity of this Rule may continue under the applicable Margin Financing Agreements then in force. Any new Margin Financing or any increase in an existing Margin Account after the effectivity of this Rule shall comply with this Rule and these transitional provisions. Existing House Margin Requirements and internal credit, compliance, and risk management policies of Broker Dealers shall remain valid.

Section 2. Interpretation.

This Rule shall be liberally construed to give full effect to the purposes set forth in the preamble of this Circular. Where any ambiguity exists in the interpretation or application of this Rule, the interpretation that best promotes investor protection, market integrity, prudent risk management, and the orderly development of the Philippine capital market, while remaining consistent with the Securities Regulation Code and other applicable laws, shall be preferred.

Section 3. Separability.

If any provision of this Rule, or the application thereof to any person or circumstance, is declared unconstitutional or invalid, the remaining provisions, or the application of such provisions to other persons or circumstances, shall remain in full force and effect to the fullest extent permitted by law.

Section 4. Effectivity.

This Circular shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) newspapers of national circulation in the Philippines.

Adopted this ____ day of _____ 2026, in Makati City, Philippines.