

**PROPOSED AMENDMENTS TO THE
PDEX RULES FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED:
PENALTIES FOR CASH SETTLEMENT BANKS**

PROPOSED AMENDMENTS TO : Rule 8.5 Cash Settlement Banks

Reference No. : Proposal No. 004-2017

Rationale for the Proposal : To instill discipline on the Cash Settlement Banks to protect the integrity of the settlement process

ACTION : FOR SEC APPROVAL

PDEX RULES	
CURRENT RULE	PROPOSED AMENDMENT
Rule 8.5 Cash Settlement Banks	<p>Rule 8.5 Cash Settlement Banks</p> <p>New Provision to be numbered as 8.5.16</p> <p><u>Handling of failure to authorize debit or credit instructions</u></p> <p>a. <u>If at the final cut-off time specified in the Timeline, the Cash Settlement Bank failed to authorize a debit or credit instruction, or the Cash Settlement Bank authorized a debit or credit instruction beyond the time specified in the Timeline but the trade was not settled at the final cut-off time, the following penalties shall apply:</u></p> <ul style="list-style-type: none"> i. <u>1st to 2nd violation within a year - Warning</u> ii. <u>3rd and subsequent violations within a year - Reprimand and Php10,000 or 1bp based on the face value of the security involved, whichever is higher</u> <p>b. <u>If the trade was settled on settlement date but was not authorized by the Cash Settlement Bank at the time specified in the Timeline, the following penalties shall apply:</u></p> <ul style="list-style-type: none"> i. <u>3rd violation within a year - Warning</u> ii. <u>4th and subsequent violations within a year - Reprimand</u> <p>Note: The numbering of the provisions shall be revised to reflect the correct sequential order.</p>