

## **Procedures for inclusion of foreign currency denominated securities in the list of eligible securities under the NOCD Facility**

In reference to section IV of the Operating Framework on eligible securities the following documents the proposed operating procedures for the Introduction and Acceptance of foreign currency issues/securities as eligible securities under the NOCD facility.

### **I. Eligibility Criteria**

Under Section IV of the Operating Framework, for a foreign security to be eligible:

- a. PDTC must be operationally capable of servicing the security through its account with the ICSD; and;
- b. It must be a security that is exempt from registration or is a subject of a transaction that is exempt under section 9 and 10 of the SRC and includes the following:
  - i. Republic of the Philippines Global Bonds (ROPs)
  - ii. Any security issued by a bank except its own shares of stock;
  - iii. Securities issued or guaranteed by the Republic of the Philippines
  - iv. Securities issued or guaranteed by the government of any country by which the Philippines maintains diplomatic relations

### **II. Introduction and Acceptance Process**

Securities eligible for the NOCD service under item I above may be safekept in the Depository through an introduction process. Any broker that is a depository participant may write PDTC for such purpose and provide the security details which should include at the minimum the following:

- Name of Issuer
- Security Name
- Security ID/ISIN
- Category/Type of Issuer (sovereign, corporate, bank)
- Country of Issuer
- Place of Issue
- Issue Date
- Maturity Date
- Guaranteed by the Government of the Philippines
- Exchange Traded
- Attachments

PDTC may also ask a copy of the prospectus of the issue.

PDTC shall first determine if the security can be serviced by the ICSD with a confirmation from the respective ICSD. Confirmation of the securities eligibility shall be as follows:

**For securities under Section 9 introducing broker must provide the following:**

- a. For securities guaranteed by the Philippine government:
  - i. a copy of the prospectus and indicate the provision on the guarantee of the government for the bond
- b. For securities issued by banks except its own shares of stock:
  - i. a copy of the prospectus and indicate the provision on the bank's authority to issue securities.
- c. For securities issued or guaranteed by the government of any country by which the Philippines maintains diplomatic relations;
  - i. Must provide a document from Department of Foreign Affairs to establish that said government/country issuer maintains diplomatic relations.

Note: DFA website for reference: <https://www.dfa.gov.ph/about-us/our-foreign-service-posts>

**For securities under Section 10, particularly securities lodged via exempt transactions for Qualified Buyers:**

- a. **Introducing broker must provide a** certification that the securities shall be held only by registered qualified buyers;
- b. **After inclusion**, for every delivery of said securities to the clients, broker must provide a certification that all receiving clients are registered qualified buyers. PDTC may at any time request from the broker the document that establish the client as a registered qualified buyer.
- c. Clients who ceased to be a registered qualified buyers after the purchase of said securities, shall not be allowed to have additional purchase. For control transactions can be query in the system to establish the date of the client's purchases vis-à-vis client's registration as qualified buyers.

**III. List of Securities eligible under NOCD**

Upon acceptance into the NOCD facility, PDTC will provide a list of the eligible securities to SEC and depository participants for reference.

**IV. Ineligible Securities**

Securities holdings that are no longer eligible after their acceptance into the NOCD service shall not be allowed to have additional deliveries. For control purposes, the ineligible securities may be tagged in the PDTC system to prevent further delivery or credit into the holder's account.