



Markets and Securities Regulation Department

TO: ALL PSE TRADING PARTICIPANTS

RE: RBCA Computation and Reporting amid the Covid-19 Pandemic

Trading in the Philippine Stock Exchange (PSE) resumes today, 19 March 2020.

Yesterday, we issued a Notice to all PSE Trading Participants (TPs) reminding them of their obligation to their clients under SRC Rule 30.2.1.2.5.2. Information for Clients as well as mandating the TPs to review the fullness and properness of their risk management and internal control systems, together with Written Supervisory Procedures, and reflect accordingly therein the changes.

Also, it is clearly observed that amidst the Covid-19 pandemic, stock market prices have become volatile, both locally and globally. These circumstances only make compelling compliance by TPs with the Risk-Based Capital Adequacy (RBCA) requirements as it is consistent with public interest and protection of investors. Thus, we would like to remind TPs of their obligations under SRC Rule 49.1.1 on RBCA.

SRC Rules 49.1.1.1, 49.1.1.2 and 49.1.1.3 provide:

49.1.1.1. Every Broker Dealer shall at all times comply with RBCA requirements set by the Commission.

*49.1.1.2. "Every Broker Dealer shall make a computation of RBCA requirements **on a daily basis**. Such computations, upon request, shall immediately be provided in written form to the Commission and/or SRO if such Broker Dealer is a Trading Participant."*

49.1.1.3. "Every Broker Dealer covered by the RBCA Requirements shall prepare its RBCA Report and file the same with Commission and the SRO (if such Broker Dealer is a Trading Participant) on or before the 20th of the month, for RBCA Report covering the period 1st to 15th day of the month and on the 5th of the following month, for RBCA Report covering the period 16th to 30th/end of the month. The RBCA Report shall be certified by the firm's Associated Person and president/nominee director and a copy submitted to the Broker dealer's Audit Committee or in lieu thereof, its Board of Directors.

We put emphasis on the required daily computation of the RBCA. The TPs are hereby directed to submit their RBCA Report on any trading day that the PSEi falls below ten (10) percent from previous day's closing. This special RBCA Report shall be certified by either the Associated Person, President or the Nominee Director and be submitted not later 12:00 noon of the next trading day. For today's breach, TPs shall be allowed to submit their RBCA Report not later than 12 noon of 23 March 2020.

Mindful of the mobility restrictions posed by the Enhanced Community Quarantine, all filings of RBCA shall be directed to msrd_covid19@sec.gov.ph.

The directives herein shall be strictly complied with starting today up to 12 April 2020.

Issued on 19 March 2020.