Securities and Exchange Commission
PHILIPPINES

SEC Memorandum Circular No. 12
Series of 2017

To : **BROKER DEALERS IN SECURITIES**

Subject : **ONLINE SUBMISSION OF RISK-BASED CAPITAL ADEQUACY (RBCA) REPORTS**

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In line with the continuing program to foster efficient business operations, particularly in the performance of its monitoring and enforcement function, and in accordance with Section 27 of Republic Act No. 8792, otherwise known as the E-Commerce Act and Section 37 of its Implementing Rules and Regulations, this guidelines for on-line submission of the Risk-Based Capital Adequacy (RBCA) Reports is hereby provided to Broker Dealers in Securities covered by the bi-monthly submission of the RBCA reports prescribed under Rule 49.1.1.3 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code (2015 SRC IRR).

Section 1. E-Mail address for On-Line Submission of RBCA Report

On-line submission of RBCA Reports shall be done via email message to <msrd_mid@sec.gov.ph>.

Section 2. Use of the Public Key Infrastructure (PKI) technology provided by the Department of Information and Communication Technology (DICT)

In the on-line submission of the RBCA Reports, the company shall use the Public Key Infrastructure (PKI) technology provided by the DICT. RBCA Report submitted via e-mail without using the said PKI technology **shall not be considered submitted**.

The Digital signature shall be placed at the **UPPER RIGHT HAND CORNER** with the following details:

a. Signature image
b. Name of the Signatory
c. Date and Time signed

Section 3. Format of the RBCA Reports to be submitted as an attachment via e-mail

The RBCA Reports to be submitted shall consist of the following:

a. Declaration Page signed by the President and the Associated Person (AP) in PDF format;
b. RBCA Report, digitally signed in PDF format; and

c. RBCA Report in Excel format.

In the "Subject" portion of the email message submitting the RBCA Report, the Broker Dealer shall indicate the PKI Broker ID provided by the Markets and Securities Regulation Department (MSRD) for each Broker Dealer.

The digital files to be submitted shall use the following FILENAME:

i. Declaration Page PDF -<PKI Broker ID><yyyymmdd>DecPage.pdf
e.i. ABACUS20160705_DecPage.pdf

ii. RBCA Report in Pdf -<PKI Broker ID><yyyymmdd>.pdf
e.i. ABACUS20160705RBCA.pdf

iii. RBCA Report in excel file -<PKI Broker ID><yyyymmdd>RBCA.xls
e.i. ABACUS20160705RBCA.xls

Section 4. Due date and time of submission of RBCA Reports

The RBCA Reports shall be submitted **before 12:00 a.m.** of the day following the due date of submission as prescribed under Rule 49.1.1.3 of the 2015 SRC IRR, otherwise the report shall be considered filed late.

If the due date of submission as prescribed under Rule 49.1.1.3 of the 2015 SRC IRR should fall on a weekend or a holiday, the RBCA Report shall be submitted **before 12:00 a.m. of day following the next business day.**

Section 5. Fee for the use of the PKI Account

For Broker Dealers whose Associated Person/representative have already opened a PKI account with the DICT, the use of the PKI technology shall be free of charge for two (2) years reckoned from the date of issuance by the DICT of the PKI certificate.

The PKI Certificate may be renewed before the expiration of the two-year period, subject to payment of fee that may be charged by the DICT.

Section 6. Replacement of Associated Person/Representative of Broker Dealers

In case of termination of employment and/or replacement of the Associated Person/representative who were issued PKI Certificate, the Broker Dealer shall immediately notify the Commission. The Broker Dealer shall cause the surrender of the PKI certificate issued in favor of the Associated person/representative terminated/replaced and the new Associated Person/representative shall immediately apply for issuance of PKI Certificate, preferably within reasonable time before the effectivity of said termination and/or replacement to avoid a gap in the on-line submission of RBCA Reports.

In the event of such termination and/or replacement of the Associated Person/representative wherein the replacement was not yet issued PKI Certificate, the Broker Dealer shall comply with the traditional submission of RBCA Reports in paper format via

physical delivery to the SEC Head Office, in which case the first paragraph of Section 5 hereof shall apply.

Section 7. Terms of Use for the Online Submission of RBCA Report

Before availing the on-line submission of RBCA Report under this Circular, the Broker Dealer shall submit, via physical delivery to the Commission, the "**TERMS OF USE FOR THE ONLINE SUBMISSION OF RBCA REPORT"** (hereinafter referred to as "TERMS OF USE") duly signed by the Associated Person and the President, the template of which is attached as Annex A of this Circular.

Should there be a change in the Associated Person and/or President, the Broker Dealer shall immediately submit the TERMS OF USE duly signed by the new Associated Person and President.

Section 8. Commencement of On-line Submission of the RBCA Reports

RBCA Reports may already be submitted via the e-mail address provided in Section 1 hereof using the PKI Certificate **beginning 05 December 2017** covering the RBCA requirements computed as of end of November 2017, Provided that the Broker Dealer has already submitted the TERMS OF USE stated in the preceding section.

Section 9. Transition Period for Submission of RBCA Reports in Paper Format

From December 2017 to May 2018, Broker Dealers shall still have the option to submit the RBCA Reports in paper format via physical delivery to the head office of the Securities and Exchange Commission. Afterwards, the submission via paper format shall no longer be allowed except for Broker Dealers which for valid reasons beyond their control cannot submit their RBCA reports via on-line.

Section 10. Non-Compliance with the requirements of this Circular

On-line submission of RBCA Report not in compliance with the requirements of this Circular shall be deemed non-submission of the RBCA Report.

Section 11. Effectivity

This Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Pasay City, 9 October 2017.

TERESITA J. HERBOSA
Chairperson

OCT 0 9 2017

ANNEX A

TERMS OF USE FOR THE ONLINE SUBMISSION OF RBCA REPORT

The Broker Dealer and/or its duly authorized representative using the RBCA online submission agree to be bound by its terms of use. If you do not agree to the terms of use, do not send the RBCA Report via email.

The Online Submission of the RBCA Report is being provided by the Securities and Exchange Commission to allow the expeditious, accurate, and on-time submission of the said reports.

a. USAGE

The BROKER DEALER is granted a limited, non-exclusive authority to use the facility. The BROKER DEALER shall not allow any other person except its duly authorized PKI Holder representative to upload the report via email.

b. CONFIRMATION

The Signatories of the RBCA Declaration Page CERTIFY that:

i) The RBCA Reports submitted via email has been drawn up in accordance with Rule 49.1.1 of the 2015 SRC IRR and other guidelines issued by the Commission and the SRO.
ii) The Company's accounting records, system and controls are maintained in accordance with the Implementing Rules and Regulations of the SRC and other relevant guidelines issued by the Commission and the SRO.
iii) Since the date of the last reporting statement, the Company has been in compliance with the rules of the SRC except as been notified to the Commission and the SRO.
iv) The Signatories have reviewed the RBCA Report submitted via email and attest to the truthfulness and correctness of the same in all aspects and they are aware that a false declaration may result in disciplinary action being taken against the company.
v) For verification and validation purposes of the RBCA computation, the Company hereby authorize the Commission to inspect our Books and Records and all other pertinent documents.
vi) A copy of the RBCA Report and its reconciliation has been submitted to the attention of the Company's Board of Directors.
vii) The RBCA report was prepared by the Accounting Head/Officer and/or Personnel.

c. RESPONSIBILITY

The Broker Dealer and/or its duly authorized representative shall

i) Prepare and submit the electronic copies of the reportorial requirements within the prescribed period and in the format as required in the rule.
ii) Ensure that only registered users and authorized users access/submit the reports.
iii) Assume full responsibility and accountability on the authorized users on their proper use of user IDs and passwords and that the reports they submit online are official, true, correct and faithful reproduction actual reports.
iv) Payment of administrative fines and penalties for untruthful statement in all reports.

d. ENHANCEMENTS

The Commission may, in its sole discretion, introduce updates, upgrades, enhancements or improvements to this facility. The use of this facility is effective until terminated

e. ACKNOWLEDGEMENT

By sending the RBCA Reports and Declaration Page, the user acknowledges that it has read the terms regarding the use of the facility, understands it, agrees to be bound by its terms and conditions, and certifies to have been duly authorized by the signatories of the RBCA Declaration and is acting in behalf of the Broker Dealer.

SIGNED:

_____	_____
Associated Person	President