



MEMORANDUM

No. 2008-0350

The Philippine Stock Exchange, Inc.

_____ Trading Rules
 _____ Membership Rules
 _____ Listing Rules
 _____ Computer Systems Update
 _____ Administrative Matters
 _____ Others: _____


To : All Trading Participants
 Re : Loan by a Trading Participant to a Client Structured as a Trade
 Date : 25 July 2008

In reply to the various queries of trading participants ("TPs") on the referenced matter, the Market Regulation Division ("MRD") clarifies Memorandum No. 2008-0338 dated 21 July 2008 as follows:

1. The payment by a TP to the selling client of the trade proceeds prior to the actual trade settlement will still be a loan even if the selling client previously or simultaneously delivers the securities to the TP in exchange for the advance payment of the trade proceeds. The transaction between the TP and the selling client becomes a loan as long as the TP advances the sales proceeds to the selling client prior to the actual trade settlement.
2. Memorandum No. 2008-0338 dated 21 July 2008 does not apply to transactions wherein the selling and buying clients (the "Transacting Parties") agreed on an earlier settlement. In such case, the TP will not advance the trade proceeds; the Transacting Parties will receive the trade proceeds only upon the earlier settlement stated in their agreement. However, the TP should have proof of (a) the agreement by the Transacting Parties on an earlier settlement and (b) the actual earlier settlement by the Transacting Parties pursuant to their agreement.

For information and guidance.


JOSEPH P. SAN PEDRO
Vice President, Market Regulation Division


JINKY A. ALORA
Head, Trading Participants Regulation Department

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