

MEMORANDUM BSD 16-004

TO : **ALL OFFICERS AND STAFF**


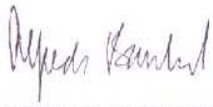
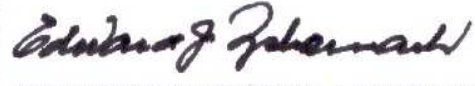
FROM : **BUSINESS SYSTEMS DIVISION**

SUBJECT : **AMENDMENT TO PERSONAL TRADING ACCOUNTS**

DATE : **February 16, 2016**

The policy guidelines pertaining to reportorial requirements for personal trading accounts were amended per the recommendations of the Board Risk Oversight Committee.

The amendment on the OPPI re: Amendment to Personal Trading Accounts is being released for proper guidance of all units/ branches.

Recommended by:  M EMELITO R. PAPA Department Head	Endorsed for Approval:  FVP ALFREDO J. BAUTISTA Division Head	Approved for Implementation:  EVP EDWARD DENNIS J. ZSHORNACK Group Head
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ACTIVITY : TREASURY	Reference Code: TRY-01.05
SUB – ACTIVITY: GENERAL GUIDELINES	Version No. : 2-2/16/2016
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I. ACTIVITY DESCRIPTION

This manual sets minimum standards to ensure personal trading accounts are conducted in compliance with applicable laws and regulations and that conflicts of interest are avoided or managed appropriately.

This policy applies to all Bank of Commerce (BOC) employees and their relatives up to the first degree of consanguinity (parents, spouses and children) only.

The following types of accounts are not covered by this policy:

- Checking, savings and other deposit accounts
- Mutual Funds and unit investment trusts held directly at the fund distributor
- Savings plans and other collective investment plans such as pensions, retirement plans etc.

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II. POLICY GUIDELINES

1. All BOC employees must look out for and put the best interest of the bank and its clients ahead of their own personal trading interests. In this regard, the following policies shall apply:
 - 1.1. All employees are required to voluntarily disclose all employee trading accounts and transactions to the Treasury Marketing and Sales Division (TMSD) Head as far as practicable.
 - 1.2. Employee transactions should be conducted on an arm's length basis, that is, the rates to be given to employee clients are the rates provided during trading time.
 - 1.3. Employees may not use BOC proprietary or client information, or any other non-public information, to advance their own personal investing interests.
 - 1.4. A BOC Treasury employee who has personal interest in a transaction with or for a client, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, shall neither advise, nor deal in relation to the transaction unless he has disclosed that personal interest or conflict to the client and has taken reasonable steps to ensure fair treatment to the client.
 - 1.5. Orders/ investments of clients, or transactions to be undertaken in behalf of clients, shall in all cases have priority over orders/investments of BOC employees.
 - 1.6. All authorized traders must deal within their trading limit.
 - 1.7. A BOC Treasury employee who has aggregated an order for a client with an order for another client or with his own account shall give priority to satisfy the orders of clients.
 - 1.8. Employee transactions with potential for substantial reputational risk for BOC are prohibited.
 - 1.9. When a contemplated employee transaction is precluded by any of the above, the employee is likewise prohibited from engaging another entity to pursue the transaction on his behalf.
2. Bank employee's or employee's relative's trading accounts are identified through the information provided in the Customer Information Sheet (CIS). The Treasury Marketing and Sales Division – Marketing Officer (TMSD- MO) is responsible for determining and indicating in the Account Maintenance Request (AMR) form

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(Please see Exhibit no. 1) whether a trading account belongs to an employee or an employee's relative.

3. Based on the AMRs received, the Treasury Operations Division – Reports Section (TOD-RS) creates OPICS Plus account profiles. When an account belongs to an employee or an employee's relative, TOD-RS shall indicate the following in the 'Notes' field of OPICS Plus Customer Static Data (CUST) screen:

Account belongs to a bank employee:

Client name- [EMP]

Ex. Vicente S. Bernardo- [EMP]

Account belongs to a bank employee's spouse, parents or children:

Client Name- [REL-/ (Name of bank employee)]

Ex. Michael H. Bernardo- [REL/ Vicente S. Bernardo]

Please see attached exhibits 2 & 3 for screen samples.

4. All investments made by employees and their relatives shall always:
 - 4.1 Be At Treasury's quoted price /rate but in no instance shall the price/ rate be lower than the prevailing market price/ rate.
 - 4.2 Undergo the usual verification process by the TMSD Head and authorization process by the concerned TOD Department Head.
5. TMSD-MO informs the TMSD Head via e-mail of a proposed transaction involving a bank employee or employee's relative prior to executing the transaction.
6. A system generated transaction report on personal trading deals for the preceding month is submitted by TMSD to Risk Management Division-Operational Risk Department (RSK-ORM) and to TMG's Deputy Compliance Officer (DCO) every 5th banking day of the month.
 - Name of Client (Employee/ Relative)
 - Deal Date
 - Settlement Date
 - Security ID
 - Transaction Type
 - Quantity/Amount
 - Rate/Price
 - Traded by:

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7. In case no personal trading transactions occurred for the past month, a “Nothing to Report” e-mail shall be sent to RSK- ORD and TMG’s DCO.
8. Based on the disclosures of Bank personnel and reports certified by TMSD, personal trading transactions shall be reported to the Board Risk Oversight Committee on a monthly basis while TMG’s DCO shall perform an independent compliance testing following the policies and procedures of the Bank’s Compliance Program.
9. Any activities/ transactions noted as non- compliant with the established bank regulations shall be listed down as findings and must be included in the Compliance Deviation Report to be submitted by the DCO to the Compliance Division.
10. The findings listed shall be reported to the Corporate Governance Committee on a quarterly basis by the Compliance Division.

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III. PROCESS FLOW

1. Handling of Investment

Treasury Marketing and Sales Division- Marketing Officer (TMSD-MO)

1. Offers treasury products to clients. Follows standard operating procedures in investing in treasury products.
2. If client is a Bank Employee or a relative of a bank employee, informs TMSD Head via e-mail of the on-going transaction.
3. Prepares the OPICS Account Maintenance Request (AMR) form (Please see Exhibit no. 1) and other necessary documents.
4. Indicates if client is an employee of the Bank or a relative of a Bank employee (up to the first degree of consanguinity) on the AMR.
5. After accomplishing the AMR and securing of documents, forwards AMR/documents to TOD-Reports Section for the creation of client's profile in OPICS Plus.



Treasury Operations Division (TOD)-Reports Assistant

6. Receives the AMR/ documents from TMSD Marketing Officer.
7. Creates client's profile under OPICS Plus and inputs the details in the Customer Static Data (CUST) Screen based on the AMR.
8. If client is a Bank employee/relative of a bank employee, inputs the client's name plus code in the "Notes" field of CUST screen:

If Bank Employee (Please see Exhibit No. 2):

- *Name of Employee-* [EMP]

If Relative of a Bank Employee (Please see Exhibit No. 3):

- *Name of Client-* [REL/ Name of Bank Employee]

TOD Reports- Section Head

9. Checks the details encoded by the Reports Assistant versus the AMR received. If in order, approves the profile created in OPICS Plus.



TMSD-MO

10. Inputs the deal details in OPICS Plus.
11. Secures verification from TMSD Head.

TMSD Head

12. Verifies the deal in OPICS Plus using the PDEX Trade mapping as basis.

TOD- Department Head

13. Once the deal is verified, authorizes the transaction on settlement date.

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2. Generation of Report

3. Reporting and Monitoring

TMSD- Marketing Officer (MO)

1. Extracts transaction report (with personal trading accounts) from OPICS Plus. The transaction report must show the following details:
 - Name of Client
 - Position
 - Type of Security
 - Trade Date
 - Amount
 - Rate
 - Settlement Date
2. Prints the OPICS report and forwards to the Division Head for signature.

TMSD Head

3. Signs the transaction report.

TMSD MO

4. Forwards the signed transaction report to RSK-ORM and TMG's Deputy Compliance Officer (DCO).

Risk Management Division- Operations Risk Management (RSK-ORM) Officer

1. Receives the transaction reports from TMSD. Includes report in the Board Risk Oversight Committee (BROC) agenda.

TMG's Deputy Compliance Officer (DCO)

2. Upon receipt of the transaction report, performs an independent compliance testing.
3. If a violation is found in the transaction, includes the violation in the Compliance Deviation report to be submitted to Compliance Division.

Compliance Division- Designated Assistant

4. Monitors the correction of the reported deviation monitors and follow up the TMG's DCO on the noted deviation.
5. If necessary, requires for a written explanation about the incident via e-mail cc: TMSD Head and TMG Head.
6. Includes the reported deviation in the Corporate Governance Committee meeting.

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IV. EXHIBITS

- Exhibit No. 1 Account Maintenance Request (AMR) Form**
- Exhibit No. 2 CUST Screen if client is Bank Employee**
- Exhibit No. 3 CUST Screen if client is a Relative of a Bank Employee**



ACCOUNT MAINTENANCE REQUEST

PROBLEM/REQUEST DETAILS *(Please fill up all applicable spaces)*

Requesting Head Office Unit	Date Requested	Control No.
Nature of Request/Description of Problem (Use back page if necessary)		
<ol style="list-style-type: none"> 1 Name(s) 2 Present Address / Permanent Address 3 Date(s) and Place(s) of Birth 4 Nationality(ies) 5 Nature(s) of Work and Name(s) of Employer or Nature of Self-Employment / Business 6 Contact Number(s) 7 Tax Identification Number(s) or Social Security System Number(s) 8 BOC Depositing Branch 9 Booking Branch / Department 10 Settlement Account No : 11 Account Officer 12 CIF Number(s) 13 Employee (Y/N): 14 Relative from BOC: 		
Affected System (s)		
OPICS		
Requested by:	Endorsed by:	Posted by:
(Signature over Printed Name and Tel #)	(Signature over Printed Name)	(Signature over Printed Name)

Customer Static Data (CUST) Screen if Client is a Bank Employee

CUST - Customer Static Data

Get Add Update Delete Clear TI CLAO Find

Customer number : 3000000445 Customer mnemonic : VICENTE

Customer short name : VICENTE S BERNARDO &OR MICHAEL H BERNARD

Customer full name 1 : 0

Customer full name 2 : VICENTE/MICHAEL BERNARDO

Bank identification code : Standard industry code : 99999

Customer address line 1 : C/O ACRPOLIS BRANCH

Customer address line 2 : BBG

Customer address line 3 :

Location : B023569

Customer address line 5 : 010

Customer postal code : Agent/Broker mnemonic :

Birthdate : Ult. country code : PH

Tax ID : Ctry code : PH

Accounting type : DEFAULT Last maintenance date : 6/23/2004

Customer type :

- ☐ Bank
- ☐ Corporate
- ☒ Individual
- ☐ Fin. Institution
- ☐ Other
- ☐ Broker

Broker/Agent :

- ☐ Broker
- ☐ Agent
- ☒ N/A

Notes :

VICENTE S BERNARDO-[EMP]

CUST Screen id Client is a Relative of Employee

CUST - Customer Static Data

Get Add Update Delete Clear TI CLAO Find

Customer number: 3000000445 Customer mnemonic: VICENTE

Customer short name: VICENTE S BERNARDO &OR MICHAEL H BERNARD

Customer full name 1: 0

Customer full name 2: VICENTE/MICHAEL BERNARDO

Bank identification code: Standard industry code: 99999

Customer address line 1: C/O ACRPOLIS BRANCH

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Customer type:

- ☐ Bank
- ☐ Corporate
- ☒ Individual
- ☐ Fin. Institution
- ☐ Other
- ☐ Broker

Broker/Agent:

- ☐ Broker
- ☐ Agent
- ☒ N/A

Notes:

MICHAEL H BERNARDO-[REL/VICENTE S BERNARDO]