

**PROPOSED AMENDMENT TO THE PDEX RULES  
FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED:  
PENALTIES FOR VIOLATION OF BEST EXECUTION RULE**

**PROPOSED AMENDMENT TO** : Rule 6 Conduct and Ethics

Reference No. : Proposal No. 002-2021

Rationale for the Proposal : To promote market discipline and strengthen investor protection in the PDEX market

**ACTION** : **FOR SEC APPROVAL**

CURRENT RULE	PROPOSED AMENDMENT
<p><b>Rule 6.1 Ethical Conduct</b></p> <p>All Issuers and Trading Participants shall, in the conduct of its business on PDEX, observe the highest standards of commercial honor and just and equitable principles of trade.</p> <p>Every Trading Participant and its personnel shall:</p> <ol style="list-style-type: none"> <li>1. Comply with the provisions of Securities Laws which impose ethical standards of conduct on Trading Participants and its personnel;</li> </ol> <p>xxx</p> <ol style="list-style-type: none"> <li>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions.</li> <li>4. No Trading Participant or its personnel shall guarantee a customer against loss in any securities account of such customer carried by a Trading Participant or in any securities transaction effected by the Trading Participant with or for such customer.</li> </ol> <p>xxx</p> <p><b>Rule 6.2 Prohibited Conduct under Securities Laws</b></p>	<p>(Note: This New Provision will be numbered as 6.2 and the numbering of the succeeding provisions shall be revised to reflect the correct sequential order.)</p> <p><b>Rule 6.1 Ethical Conduct</b></p> <p>All Issuers and Trading Participants shall, in the conduct of its business on PDEX, observe the highest standards of commercial honor and just and equitable principles of trade.</p> <p>Every Trading Participant and its personnel shall:</p> <ol style="list-style-type: none"> <li>1. Comply with the provisions of Securities Laws which impose ethical standards of conduct on Trading Participants and its personnel;</li> </ol> <p>xxx</p> <ol style="list-style-type: none"> <li>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions. When executing a customer's orders, Brokering Participants, as public representatives, must seek the most favorable terms in the best interest of the customer.</li> <li>4. <del>No Trading Participant or its personnel shall</del> Not guarantee a customer against loss in any securities account of such customer carried by a Trading Participant or in any securities</li> </ol>

CURRENT RULE	PROPOSED AMENDMENT
	<p>transaction effected by the Trading Participant with or for such customer.</p> <p>xxx</p> <p><b><i>Rule 6.2 Violation of Best Execution Rule</i></b></p> <p>Brokering Participants which are in violation of Rule 6.1.3 shall be penalized as follows:</p> <ul style="list-style-type: none"> <li>a. 1st violation within a year - TEN THOUSAND PESOS (Php10,000)</li> <li>b. 2nd violation within a year - TWENTY THOUSAND PESOS (Php20,000)</li> <li>c. 3rd violation within a year - THIRTY THOUSAND PESOS (Php30,000)</li> <li>d. For subsequent violations within a year, the penalty shall be computed as follows:  <math display="block">n^{\text{th}} \text{ violation} = \text{Php } (n \times 10,000)</math> </li> </ul> <p><b><i>Rule 6-23 Prohibited Conduct under Securities Laws</i></b></p>