TRADING CONVENTIONS FOR FIXED INCOME SECURITIES IN THE PUBLIC MARKET, AS AMENDED

1. Trading Hours

1.1. Pre-Open Session –   08:30AM - 09:00AM

1.2. Morning Session -   09:00AM - 12:00NN

1.3. Afternoon Session -   02:00PM - 04:00PM

1.4. Close –   04:00PM

2. Quoting Conventions

2.1. **General Pricing Convention.** Quotations for Fixed Income Securities shall be expressed in terms of Clean Price (i.e. price without accrued interest), exclusive of any applicable withholding tax. For clarity, quotations expressed in Clean Price shall be expressed on a "Price per 100" basis and up to four (4) decimal places (e.g. 100.1234). The Trading System may calculate an implied Yield to Maturity ("YTM") based on the Clean Price quotation expressed as a percentage per annum. Such YTM shall be calculated up to the fourth (4th) decimal place and displayed up to that fourth decimal place (e.g. 6.5825%)

2.2. **Government Securities Pricing Convention.** Quotations for the Government Securities may be expressed in terms of Gross Yield to Maturity (YTM) or clean price (i.e. price without accrued interest), exclusive of any applicable withholding tax. For clarity, when quotations are made in YTM, these shall be expressed in percentage per annum and up to 4 decimal places (e.g. 6.1250% p.a.). The Trading system shall calculate the Clean Price from the inputted YTM quotation up to the twelfth (12th) decimal place, but display only up to the seventh decimal place (e.g., 98.1234567).

3. Volume and Trading Lot Conventions

3.1. **Volume Convention.** Fixed Income Securities Volumes are lots of the Face Amount of the Securities.

3.2. **Minimum Trading Size.**

For government securities and corporate bonds and commercial papers. Philippine Pesos Five Thousand (PhP 5,000) Face Amount, or the minimum denomination of the Security based on the terms and conditions set by the Issuer.

4. Day Count Standards

4.1. Short-Term Instruments – Actual / 360

4.2. Notes and Bonds

4.2.1. 30E/360 ISMA non end of month,

     4.2.2. Actual / Actual

     4.2.3. Actual / 360 (when available in the Trading System)

     4.2.4. Actual / 365 (when available in the Trading System)

5. **Trade Mechanics.** Trading Participants shall comply with the trade mechanics set forth in the PDEx Rules.

6. **Standard Settlement Date.** The standard settlement date for Fixed Income Securities traded through PDEx Trading System shall be the next Trading Day following the Trading Day when the trades were executed ("T+1").

7. **Settlement Value Computations**

   The Settlement Value shall be a function of the Face Amount of the Security traded multiplied by the Clean Price less the applicable tax, if any, plus the Accrued Coupon Interest less the Tax on the Accrued Interest, if any. Each Settlement Value shall be computed up to the third decimal place and rounded to the second decimal place. The applicable taxes shall be that determined by the Trading Participants and communicated to PDEx.

8. **Handling of Exercises of Early Redemption for Callable Securities (new032420)**

   8.1 Callable Securities allow the issuer of the bond to exercise a right to redeem the security at a date earlier than the original maturity date and at the early redemption price. All details pertaining to this right, such as but not limited to, the early redemption date, early redemption price, and procedures for announcing such exercise, are indicated in the security's prospectus.

   8.2 In practice, such exercises of early redemption are announced in advance (e.g., 60 days prior to the redemption date) and will impact the secondary market trading of the bond, i.e., in the calculation of prices and discounting of proceeds.

   8.3 To preserve market order and maintain the integrity of secondary market prices, whenever an issuer announces irrevocably that it will exercise its right to early redemption, the following shall be observed:

       8.3.1 A temporary trading halt on the security shall be called in order for adjustments to the maturity date and redemption price of the security to be made in the trading system. The adjustments would make the security's settlement price reflect the appropriate discount from the actual redemption date and price.

       8.3.2 The temporary trading halt shall be lifted once the adjustment in the trading system is implemented, but in no case should this halt exceed a period of one (1) trading day.

       8.3.3 The temporary trading halt and lifting thereof shall be duly announced to the Trading Participants as these are called.

9. **Settlement Conventions in Cases of Force Majeure Events and Unplanned Holidays (new110909)**

   9.1 **Definition of Force Majeure Event and Unplanned Non-working Holidays.** Force Majeure Events and Unplanned Non-working Holidays shall refer to those events and non-working holiday declarations which have the effect of suspending clearing operations of the Philippine Clearing House Corporation.

   9.2 **Effect of Covered Force Majeure Events and Unplanned Holiday.** A Force Majeure Event and an Unplanned Non-working Holiday shall effectively cause a move of the settlement date for all trades scheduled to be settled on the day when such Force Majeure Event occurs or such Unplanned Non-working Holiday falls to the business day immediately following such day, where such day is a settlement day under PDEx Rules and Conventions.

   9.3 **Non-Adjustment of Settlement Amount.** Following the principle of "no fault" by any of the trading counterparts, whenever a settlement date is moved due to a Force Majeure Event or an Unplanned Non-working Holiday, no further adjustments to the originally contracted Settlement Amount shall be sought nor made by either trading counterpart.

10. **Trading During Closed Period (new111617)**

    During the Closed Period, defined as the period prior to the Coupon Payment Date during which no transfers are allowed in the registry book of an admitted security, Trading Participants can continue executing trades on an admitted security provided the settlement of such trades fall on the business day immediately succeeding the end of the Closed Period.

11. **Transitory Provision for Outstanding Corporate Securities with More Than Two (2) Days Closed Period (new 111617)**

    This convention shall apply to outstanding Securities where the Closed Period is longer than two (2) days. During the Closed Period defined as the period between the Record Date and one (1) business day prior to the Coupon Payment Date, the Issuer shall issue instructions to PDEx to cease trading of its Securities. However, participating Market Makers for the Fixed Income Security shall continue to post Bid Prices but on an indicative basis. The indicative Bid Prices shall be monitored for rate reasonability by PDEx based on guidelines to be set forth by PDEx.