

**PROPOSED AMENDMENT TO THE PDEX RULES  
FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED:  
NROSS AS SECURITIES SETTLEMENT AGENT**

**PROPOSED AMENDMENT TO** : Rule 8 - Settlement

**Reference No.** : PROPOSAL NO. 005-2021

**Rationale for the Proposal** : To expand the securities settlement location for government securities to include the National Registry of Scripless Securities (NROSS) of the Bureau of the Treasury aside from the Depository

**Note:** For the amendments introduced, new words or provisions are reflected in blue font while the deleted words are in red font and crossed out in the attached 19-page excerpt of pertinent provisions. In summary, the changes are as follows:

- All references to “**Expanded Delivery versus Payment**” or “**eDvP**” are proposed to be changed to “**Fixed Income Delivery versus Payment**” of “**FIDvP**”, as applicable.
- Definition of “**BTr**” or the Bureau of the Treasury is found in *Page 2* hereof.
- Definition of “**Securities Settlement Account**” and “**Securities Settlement Agent**” are in *Page 4*.
- The “**FIDvP Investor**” was added to the Settlement Participant as a party entitled to designate settlement accounts in *Page 4 and so on*.
- Rule 8.6 on “**NROSS**” is added as a Securities Settlement Agent, in addition to the Depository in *Pages 14 to 16*.
- All references to “**Depository Settlement Account**” are proposed to be changed to “**Securities Settlement Account**”, as applicable.
- All references to “**Depository**” are proposed to be changed to “**Securities Settlement Agent**”, as applicable.

CURRENT RULE	PROPOSED AMENDMENT
<p><b>Part Two - Expanded Delivery versus Payment</b></p> <p><b>Rule 8.3 Definitions</b></p> <ol style="list-style-type: none"> <li>1. <i>Bank Authorization Letter</i> shall refer to a letter issued by a Settlement Participant and accepted by the Cash Settlement Bank granting authorization to the Cash Settlement Bank to effect acts consistent with the requirements of Settlement of a Trade under these Rules, and specifying the details of the Settlement Participant's designated Cash Settlement Account to be used for Settlement of Trades in the eDvP Service.</li> <li>2. <i>BSP</i> x x x</li> <li>3. <i>Buyer</i> shall refer to the Settlement Participant whose Cash Settlement Account will be debited and whose Depository Settlement Account will be credited in respect of the Settlement of a Trade.</li> <li>4. <i>Cash Settlement Account</i> x x x</li> <li>5. <i>Cash Settlement Bank</i> x x x</li> <li>6. <i>Cash Settlement Person</i> x x x</li> <li>7. <i>Confirmation</i> shall refer to the confirmation of the Settlement obligations of the Buyer and Seller in the eDvP System arising from Trades in Securities.</li> <li>8. <i>Confirmation Report</i> shall refer to a report or inquiry screen in the eDvP System made available to Settlement Participants in accordance with the Timeline giving details of Trades executed by them on the day of the report.</li> <li>9. <i>DDA</i> x x x</li> </ol>	<p><b>Part Two - <del>Expanded</del> Fixed Income Delivery versus Payment (FIDvP)</b></p> <p><b>Rule 8.3 Definitions</b></p> <ol style="list-style-type: none"> <li>1. <i>Bank Authorization Letter</i> shall refer to a letter issued by a Settlement Participant and accepted by the Cash Settlement Bank granting authorization to the Cash Settlement Bank to effect acts consistent with the requirements of Settlement of a Trade under these Rules, and specifying the details of the Settlement Participant's designated Cash Settlement Account to be used for Settlement of Trades in the <del>eDvP</del> FIDvP Service.</li> <li>2. <i>BSP</i> x x x</li> <li>3. <i>BTr</i> shall refer to the Bureau of the Treasury, the issuer and registry of government securities and the operator of the NRoSS system.</li> <li>4. <i>Buyer</i> shall refer to the Settlement Participant whose Cash Settlement Account will be debited and whose <del>Depository Securities</del> Settlement Account will be credited in respect of the Settlement of a Trade.</li> <li>5. <i>Cash Settlement Account</i> x x x</li> <li>6. <i>Cash Settlement Bank</i> x x x</li> <li>7. <i>Cash Settlement Bank Person</i> x x x</li> <li>8. <i>Confirmation</i> shall refer to the confirmation of the Settlement obligations of the Buyer and Seller in the <del>eDvP</del> FIDvP System arising from Trades in Securities.</li> <li>9. <i>Confirmation Report</i> shall refer to a report or inquiry screen in the the <del>eDvP</del> FIDvP System made available to Settlement Participants in accordance with the Timeline giving details of Trades executed by them on the day of the report.</li> </ol>

10. *Delivery* shall refer to the delivery of Securities effected via debits and credits in the Depository Settlement Accounts.
11. *Depository* shall refer to the PDTC in its capacity as an SEC-licensed Depository which undertakes to perform the necessary actions specified in these Rules to effect the Settlement of Trades by debiting or crediting the Depository Settlement Accounts of the Settlement Participants in accordance with the Message received from the eDvP System.
12. *Depository Settlement Account* shall refer to a securities account with the Depository in the name of the Settlement Participant or his duly authorized agent, which account has been identified and designated as the account to be debited or credited in accordance with these Rules pursuant to Settlement of Trades.
13. *Earmark (or Earmarking)* shall mean a restriction placed on a Quantity of Securities by the Depository on instructions to that effect from the eDvP System such that the transfer of such Earmarked Securities shall be restricted to conform with a Message from the eDvP System to settle a Trade.
14. *eDvP Rules or Rules* x x x
15. *eDvP System or System* x x x
16. *eDvP Technical Interface Manual* x x x
17. *eDvP Timeline or Timeline* x x x
18. *eDvP System User or System User* x x x
19. *eDvP User Manual or User Manual* x x x
20. *Face Value s* x x x
21. *Failed Trades and Delayed Settlements* x x x
22. *Failed Trades Report*
23. *Issuer* x x x
24. *Message* shall mean an instruction, request or information sent to or received from the Cash Settlement Bank and the Depository in accordance with the relevant eDvP Technical

10. DDA x x x

11. *Delivery* shall refer to the delivery of Securities effected via debits and credits in the **Depository Securities** Settlement Accounts.
12. *Depository* shall refer to the PDTC in its capacity as an SEC-licensed Depository which undertakes to perform the necessary actions specified in these Rules ~~to effect the Settlement of Trades by debiting or crediting the Depository Settlement Accounts of the Settlement Participants in accordance with the Message received from the eDvP System.~~
- ~~12. *Depository Settlement Account* shall refer to a securities account with the Depository in the name of the Settlement Participant or his duly authorized agent, which account has been identified and designated as the account to be debited or credited in accordance with these Rules pursuant to Settlement of Trades.~~
13. *Earmark (or Earmarking)* shall mean a restriction placed on a Quantity of Securities by the **Depository Securities Settlement Agent** on instructions to that effect from the System such that the transfer of such Earmarked Securities shall be restricted to conform with a Message from the ~~eDvP~~ **FIDvP** System to settle a Trade.
14. **eDvP FIDvP** *Rules or Rules* x x x
15. **eDvP FIDvP** *System or System* x x x
16. **eDvP FIDvP** *Technical Interface Manual* x x x
17. **eDvP FIDvP** *Timeline or Timeline* x x x
18. **eDvP FIDvP** *System User or System User* x x x
19. **eDvP FIDvP** *User Manual or User Manual* x x x
20. *Face Value* x x x
21. *Failed Trades and Delayed Settlements* x x x
22. *Failed Trades Report*
23. *Issuer* x x x

<p>Interface Manual and/or eDvP User Manual.</p> <p>25. <i>Notice</i> shall mean information issued in written form by PDEX or PDTC, which supplements or explains these Rules and/or such other Rules as shall have applicability to the use of the eDvP System.</p> <p>26. <i>Payment</i> shall refer to cash payment or electronic debits and credits in the Cash Settlement Accounts of Settlement Participants in the Cash Settlement Bank.</p> <p>27. <i>PDEX</i> x x x</p> <p>28. <i>PDEX Rules</i> x x x</p> <p>29. <i>PDTC</i> x x x</p> <p>30. <i>PhilPaSS</i> x x x</p> <p>31. <i>Quantity</i> x x x</p> <p>32. <i>Security/ies</i> x x x</p> <p>33. <i>Seller</i> shall refer to the Settlement Participant whose Depository Settlement Account will be debited and whose Cash Settlement Account will be credited in respect of the Settlement of a Trade.</p> <p>34. <i>Settlement</i> x x x</p> <p>35. <i>Settlement Contact Person</i> x x x</p> <p>36. <i>Settlement Date</i> x x x</p> <p>37. <i>Settlement Participant</i> shall refer to a Trading Participant or a Non-Trading Participant or the appointed custodian of the Non-Trading Participant that uses the eDvP Service and/or agrees to be bound by these Rules. (rev071709)</p> <p>38. <i>Settlement Person</i> x x x</p> <p>39. <i>Settlement Report</i> shall refer to that report or inquiry screen in the eDvP system made available to Settlement Participants in accordance with the Timeline giving details of the settlement status of their Trades.</p>	<p>24. <i>Message</i> shall mean an instruction, request or information sent to or received from the Cash Settlement Bank and the <del>Depository</del> <i>Securities Settlement Agent</i> in accordance with the relevant <del>eDvP</del> <i>FIDvP</i> Technical Interface Manual and/or <del>eDvP</del> <i>FIDvP</i> User Manual.</p> <p>25. <i>Notice</i> shall mean information issued in written form by PDEX or PDTC, which supplements or explains these Rules and/or such other Rules as shall have applicability to the use of the <del>eDvP</del> <i>FIDvP</i> System.</p> <p>26. <i>Payment</i> shall refer to cash payment or electronic debits and credits in the Cash Settlement Accounts of Settlement Participants, <i>or of FIDvP Public Investors as defined under Rule 8.7</i>, in the Cash Settlement Bank.</p> <p>27. <i>PDEX</i> x x x</p> <p>28. <i>PDEX Rules</i> x x x</p> <p>29. <i>PDTC</i> x x x</p> <p>30. <i>PhilPaSS</i> x x x</p> <p>31. <i>Quantity</i> x x x</p> <p>32. <i>Security/ies</i> x x x</p> <p>33. <i>Securities Settlement Account</i> shall refer to a securities account with the Securities Settlement Agent in the name of the Settlement Participant, the FIDvP Public Investor as defined under Rule 8.7, <del>or his</del> <i>their</i> duly authorized agent, which account has been identified and designated as the account to be debited or credited in accordance with these Rules pursuant to Settlement of Trades.</p> <p>34. <i>Securities Settlement Agent</i> shall refer to the Depository or the National Registry of Scripless Securities (NRoSS) of the Bureau of the Treasury.</p> <p>35. <i>Seller</i> shall refer to the Settlement Participant, <i>or FIDvP Public Investor as defined under Rule 8.7</i>, whose <del>Depository</del> <i>Securities</i></p>
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40. *Suspense Account* shall refer to the cash or securities account of a Cash Settlement Bank or the Depository respectively particularly identified and designated as the destination of all proceeds in cases where delivery to the specified Securities or Cash Settlement Account cannot be effected under and in accordance with these Rules.

41. *Suspense Report* shall refer to that report made available by the eDvP system to Settlement Participants, the Cash Settlement Banks and Depository involved in cases where Securities or Payments are credited to a Suspense Account in accordance with these Rules.

42. *Trade* shall refer to the transaction executed by Trading Participants in the Trading System which are transmitted to the eDvP System for Settlement under these Rules.

43. *Trading Participants* x x x

44. *Trading System* x x x

Settlement Account will be debited and whose Cash Settlement Account will be credited in respect of the Settlement of a Trade.

36. *Settlement* x x x

37. *Settlement Contact Person* x x x

38. *Settlement Date* x x x

39. *Settlement Participant* shall refer to a Trading Participant or a Non-Trading Participant or the appointed custodian of the Non-Trading Participant that uses the the eDvP FIDvP Service and/or agrees to be bound by these Rules. (rev071709)

40. *Settlement Person* x x x

41. *Settlement Report* shall refer to that report or inquiry screen in the eDvP FIDvP system made available to Settlement Participants in accordance with the Timeline giving details of the settlement status of their Trades.

42. *Suspense Account* shall refer to the cash or securities account of a Cash Settlement Bank or the ~~Depository~~ Securities Settlement Agent respectively particularly identified and designated as the destination of all proceeds in cases where delivery to the specified Securities or Cash Settlement Account cannot be effected under and in accordance with these Rules.

43. *Suspense Report* shall refer to that report made available by the eDvP FIDvP system to Settlement Participants, the Cash Settlement Banks and ~~Depository~~ Securities Settlement Agent involved in cases where Securities or Payments are credited to a Suspense Account in accordance with these Rules.

44. *Trade* shall refer to the transaction executed by Trading Participants in the Trading System which are transmitted to the eDvP FIDvP System for Settlement under these Rules.

45. *Trading Participants* x x x

46. *Trading System* x x x

**Rule 8.4 Settlement participants**

1. x x x
2. *Representations and Warranties of Settlement Participants*
  - a. x x x
  - b. x x x
  - c. The receipt of a Trade by the eDvP System, shall constitute an authority for PDEx, in accordance with these Rules to transmit settlement instructions constituted under executed Trades, to cause the debiting or the crediting (as applicable) of:
    - i. the designated Depository Settlement Account;
    - ii. the Settlement Participant's DDA; or
    - iii. the designated Cash Settlement Account at the Cash Settlement Bank; and
    - iv. the DDA of the Cash Settlement Bank.
3. x x x
4. x x x
5. x x x
6. x x x
7. x x x
8. x x x
9. x x x
10. *System Access*
  - a. x x x
  - b. Following confirmation by the Depository and Cash Settlement Banks of the validity of the respective Depository Settlement Account and Cash Settlement Account specified by the Settlement Participant and encoded into the eDvP System, PDEx shall provide the Settlement Participant access to the eDvP System.
  - c. x x x
11. *Enrolment of Securities and Cash Settlement Accounts, and Activation of Settlement Participants*

**Rule 8.4 Settlement participants**

1. x x x
2. *Representations and Warranties of Settlement Participants*
  - a. x x x
  - b. x x x
  - c. The receipt of a Trade by the ~~eDvP~~ FIDvP System, shall constitute an authority for PDEx, in accordance with these Rules to transmit settlement instructions constituted under executed Trades, to cause the debiting or the crediting (as applicable) of:
    - i. the designated ~~Depository~~ Securities Settlement Account;
    - ii. the Settlement Participant's DDA; or the designated Cash Settlement Account at the Cash Settlement Bank; and
    - iii. ~~iv~~ the DDA of the Cash Settlement Bank.
3. x x x
4. x x x
5. x x x
6. x x x
7. x x x
8. x x x
9. x x x
10. *System Access*
  - a. x x x
  - b. Following confirmation by the ~~Depository~~ Securities Settlement Agent and Cash Settlement Banks of the validity of the respective ~~Depository~~ Securities Settlement Account and Cash Settlement Account specified by the Settlement Participants, or the ~~eDvP~~ FIDvP Public Investor as defined under Rule 8.7, and encoded into the FIDvP System, PDEx shall provide the Settlement Participant access to the FIDvP System.
  - c. x x x
11. *Enrollment of Securities and Cash Settlement Accounts, and*

<p>a. Depository Settlement Accounts</p> <ol style="list-style-type: none"> <li>Settlement Participants shall, prior to undertaking any Settlement activities under these Rules, open a Depository Settlement Account.</li> <li>The Settlement Participant shall submit the details of its Depository Settlement Account to PDEX which shall cause the entry of the designated Depository Settlement Account in the eDvP System, in accordance with the eDvP User Manual.</li> <li>The Settlement Participant's designated Depository Settlement Account shall serve as the settlement account for the Settlement of Trades by such Settlement Participant under these Rules.</li> </ol> <p>b. Cash Settlement Accounts</p> <p>x x x</p> <p>c. Activation of Settlement Participant Accounts</p> <ol style="list-style-type: none"> <li>PDEX shall activate the participation of the Settlement Participant in the eDvP System after receipt of complete documentation and account confirmation from the Depository and Cash Settlement Banks.</li> <li>Activation shall enable the affected Settlement Participant to settle its trades through the eDvP Service effective with Trades settling the next business day. Activation shall signify the acceptance of the Settlement Participant as such by PDEX, unless the contrary is proved.</li> </ol>	<p><i>Activation of Settlement Participants</i></p> <ol style="list-style-type: none"> <li>Securities and Cash Settlement Accounts may be opened by Settlement Participants, or by <del>eDvP</del> FIDvP Public Investors as defined under Rule 8.7. For the opening of such accounts by FIDvP Public Investors, the procedure under Rule 8.7 shall apply.</li> <li><del>a. Depository</del> Securities Settlement Accounts <ol style="list-style-type: none"> <li>Settlement Participants shall, prior to undertaking any Settlement activities under these Rules, open a <del>Depository</del> Securities Settlement Account.</li> <li>The Settlement Participant shall submit the details of its <del>Depository</del> Securities Settlement Account to PDEX which shall cause the entry of the designated <del>Depository</del> Securities Settlement Account in the FIDvP System, in accordance with the <del>eDvP</del> FIDvP User Manual.</li> <li>The Settlement Participant's designated <del>Depository</del> Securities Settlement Account shall serve as the settlement account for the Settlement of Trades by such Settlement Participant under these Rules.</li> </ol> </li> <li><del>b.</del> Cash Settlement Accounts x x x</li> <li><del>c.</del> Activation of Settlement Participant Accounts <ol style="list-style-type: none"> <li>PDEX shall activate the participation of the Settlement Participant in the <del>eDvP</del> FIDvP System after receipt of complete documentation and account confirmation from the <del>Depository</del> Securities Settlement Agents and Cash Settlement Banks.</li> <li>Activation shall enable the affected Settlement Participant to settle its trades through the <del>eDvP</del> FIDvP Service effective with Trades settling the next</li> </ol> </li> </ol>
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## 12. Continuing Requirements

- a. x x x
- b. The Settlement Participant shall as soon as practicable, advise PDEx of any changes on the details of its Depository Settlement Account and/or Cash Settlement Account. Any change in the detail(s) shall not bind PDEx unless it has received written information of such change within three (3) business days prior to its intended effect.
- c. Each Settlement Participant shall designate a Settlement Contact Person and his alternate, who shall act as its principal channel of communication with PDEx in relation to settlement issues; and a Settlement Person and his alternate(s) who shall have the responsibility to perform such acts as are granted under its authority as such, including the authorizing of transmission of settlement instructions duly constituted under Trades to the applicable Cash Settlement Bank and the Depository to cause Settlement of Trades. The Settlement Participant shall communicate such designation to PDEx in writing. (rev060914)
- d. x x x

13. x x x

## 14. Update of Settlement Participant Details

- a. Responsibility for Information Accuracy
  - i. x x x
  - ii. Settlement Participants may view and update the details of their Depository and Cash Settlement Accounts and other pertinent details by submitting a Request for Account Update to PDEx together with relevant supporting documentation.
  - iii. Settlement Participants shall ensure that any update to their Depository or Cash Settlement

business day. Activation shall signify the acceptance of the Settlement Participant as such by PDEx, unless the contrary is proved.

## 12. Continuing Requirements

- a. x x x
- b. The Settlement Participant shall as soon as practicable, advise PDEx of any changes on the details of its ~~Depository~~ ~~Securities~~ Settlement Account and/or Cash Settlement Account. Any change in the detail(s) shall not bind PDEx unless it has received written information of such change within three (3) business days prior to its intended effect.
- c. Each Settlement Participant shall designate a Settlement Contact Person and his alternate, who shall act as its principal channel of communication with PDEx in relation to settlement issues; and a Settlement Person and his alternate(s) who shall have the responsibility to perform such acts as are granted under its authority as such, including the authorizing of transmission of settlement instructions duly constituted under Trades to the applicable Cash Settlement Bank and the ~~Depository~~ ~~Securities~~ ~~Settlement Agent~~ to cause Settlement of Trades. The Settlement Participant shall communicate such designation to PDEx in writing. (rev060914)
- d. x x x

13. x x x

## 14. Update of Settlement Participant Details

- a. Responsibility for Information Accuracy
  - i. x x x
  - ii. Settlement Participants may view and update the details of their ~~Depository~~ ~~Securities~~ and Cash Settlement Accounts and other pertinent details by submitting a Request for Account Update to PDEx together with relevant supporting documentation.



<p>Accounts as authorized by the Settlement Participant has been confirmed by PDEX before settling a Trade through that Depository or Cash Settlement Account.</p> <p>b. Confirmation of Update to Securities or Cash Settlement Accounts</p> <p>The eDvP System shall validate the updated information with affected Cash Settlement Bank and the Depository and PDEX shall confirm the requested update upon receipt of appropriate documentation and confirmation from the applicable Cash Settlement Bank and the Depository regarding the validity of the information.</p> <p>c. Update effectiveness</p> <p>i. x x x</p> <p>ii. The eDvP System shall amend the Cash Settlement Account or Depository Settlement Account details (as appropriate) as requested by the Settlement Participant to any Trades executed but not settled prior to the update taking effect.</p> <p>15. x x x</p> <p>16. <i>Settlement and Post Settlement</i></p> <p>a. x x x</p> <p>b. Delivery versus Payment (DvP)</p> <p>Trades duly authorized by both Buyer and Seller shall be settled in accordance with the following general process: (a) earmarking of Securities in the Seller's Depository Settlement Account; (b) debiting of the Payment from Buyer's Cash Settlement Account if the Buyer is not a PhilPaSS member; (c) debiting of DDA of Buyer or DDA of its</p>	<p>iii. Settlement Participants shall ensure that any update to their <del>Depository</del> Securities or Cash Settlement Accounts as authorized by the Settlement Participant has been confirmed by PDEX before settling a Trade through that <del>Depository</del> Securities or Cash Settlement Account.</p> <p>b. Confirmation of Update to Securities or Cash Settlement Accounts</p> <p>The eDvP FIDvP System shall validate the updated information with affected Cash Settlement Bank and the <del>Depository</del> Securities Settlement Agent and PDEX shall confirm the requested update upon receipt of appropriate documentation and confirmation from the applicable Cash Settlement Bank and the <del>Depository</del> Securities Settlement Agent regarding the validity of the information.</p> <p>c. Update effectiveness</p> <p>i. x x x</p> <p>ii. The <del>eDvP</del> FIDvP System shall amend the Cash Settlement Account or <del>Depository</del> Securities Settlement Account details (as appropriate) as requested by the Settlement Participant to any Trades executed but not settled prior to the update taking effect.</p> <p>15. x x x</p> <p>16. <i>Settlement and Post Settlement</i></p> <p>a. x x x</p> <p>b. Delivery versus Payment (DvP)</p> <p>Trades duly authorized by both Buyer and Seller shall be settled in accordance with the following general process: (a) earmarking of Securities in the Seller's <del>Depository</del> Securities Settlement Account; (b) debiting of the Payment from Buyer's Cash</p>
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Cash Settlement Bank and crediting the DDA of the Seller's or DDA of its Cash Settlement Bank as applicable; (d) crediting the payment to the Seller's Cash Settlement Account if the Seller is not a PhilPaSS member; and (e) debiting of the Seller's earmarked Securities and crediting the same to the Buyer's Depository Settlement Account.

c. x x x

d. Earmarking of Securities

The ~~eDvP~~ System shall request the Depository to Earmark the applicable Quantity of Securities in the Seller's Depository Settlement Account.

e. Payment Processing

i. Following Earmarking of the Seller's Depository Settlement Account, the eDvP System shall instruct the debiting of the Buyer's Cash Settlement Account by the applicable Cash Settlement Bank.

ii. x x x

iii. x x x

f. Settlement of Securities

Following successful Payment processing, the eDvP System shall instruct the Depository to debit the Earmarked Securities from the Seller's Depository Settlement Account and to credit the Depository Settlement Account of the Buyer.

g. Monitoring Settlement Status

i. The eDvP System shall make information of the settlement status of Trades available to Settlement Participants throughout the

Settlement Account if the Buyer is not a PhilPaSS member; (c) debiting of DDA of Buyer or DDA of its Cash Settlement Bank and crediting the DDA of the Seller's or DDA of its Cash Settlement Bank as applicable; (d) crediting the payment to the Seller's Cash Settlement Account if the Seller is not a PhilPaSS member; and (e) debiting of the Seller's earmarked Securities and crediting the same to the Buyer's ~~Depository~~ Securities Settlement Account.

c. x x x

d. Earmarking of Securities

The ~~eDvP~~ FIDvP System shall request the ~~Depository~~ Securities Settlement Agent to Earmark the applicable Quantity of Securities in the Seller's ~~Depository~~ Securities Settlement Account.

e. Payment Processing

i. Following Earmarking of the Seller's ~~Depository~~ Securities Settlement Account, the ~~eDvP~~ FIDvP System shall instruct the debiting of the Buyer's Cash Settlement Account by the applicable Cash Settlement Bank.

ii. x x x

iii. x x x

f. Settlement of Securities

Following successful Payment processing, the ~~eDvP~~ FIDvP System shall instruct the ~~Depository~~ Securities Settlement Agent to debit the Earmarked Securities from the Seller's Depository Settlement Account and to credit the ~~Depository~~ Securities Settlement Account of the Buyer.

g. Monitoring Settlement Status

<p>Settlement day, which status could be any of the following:</p> <ul style="list-style-type: none"> <li>a. successfully settled;</li> <li>b. awaiting Earmarking of Securities by the Depository;</li> <li>c. awaiting debit of funds by the Buyer's Cash Settlement Bank; or</li> <li>d. awaiting debit of Buyer Cash Settlement Bank's DDA by the BSP.</li> </ul> <p>ii. x x x</p> <p>h. Failure to credit funds and securities</p> <ul style="list-style-type: none"> <li>i. If the Cash Settlement Bank cannot credit funds to a Cash Settlement Account or the Depository cannot credit Securities to a Depository Settlement Account for any reason, the Securities or Cash shall be credited to a Suspense Account; Provided, However, That the Cash Settlement Bank and the Depository, whichever is applicable, shall ensure that its recording of the Suspense Account appropriately recognizes the ownership of the proper party.</li> <li>ii. x x x</li> <li>iii. The Settlement Participant shall give notice to the Depository or Cash Settlement Banks involved and coordinate among themselves to resolve the Suspense Account entry as soon as is practicable.</li> <li>iv. x x x</li> </ul> <p>i. x x x</p> <p>j. x x x</p> <p>k. x x x</p>	<ul style="list-style-type: none"> <li>i. The <del>eDvP</del> FIDvP System shall make information of the settlement status of Trades available to Settlement Participants throughout the Settlement day, which status could be any of the following: <ul style="list-style-type: none"> <li>a. successfully settled;</li> <li>b. awaiting Earmarking of Securities by the <del>Depository</del> Securities Settlement Agent;</li> <li>c. awaiting debit of funds by the Buyer's Cash Settlement Bank; or</li> <li>d. awaiting debit of Buyer Cash Settlement Bank's DDA by the BSP.</li> </ul> </li> <li>ii. x x x</li> </ul> <p>h. Failure to credit funds and securities</p> <ul style="list-style-type: none"> <li>i. If the Cash Settlement Bank cannot credit funds to a Cash Settlement Account or the <del>Depository</del> Securities Settlement Agent cannot credit Securities to a <del>Depository</del> Securities Settlement Account for any reason, the Securities or Cash shall be credited to a Suspense Account; Provided, However, That the Cash Settlement Bank and the <del>Depository</del> Securities Settlement Agent, whichever is applicable, shall ensure that its recording of the Suspense Account appropriately recognizes the ownership of the proper party.</li> <li>ii. x x x</li> <li>iii. The Settlement Participants shall give notice to the <del>Depository</del> Securities Settlement Agent or Cash Settlement Banks involved and coordinate among themselves to resolve the Suspense Account entry as soon as is practicable.</li> <li>iv. x x x</li> </ul> <p>i. x x x</p> <p>j. x x x</p> <p>k. x x x</p>
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<p><b>17. Management of Failed Trades and Delayed Settlements (new052810)</b></p> <p>a. x x x</p> <p>b. x x x</p> <p>c. Release of Earmarking and Reversal of Debits</p> <p>In respect of each Failed Trade the eDvP System shall:</p> <p>i. instruct the Depository to release any relevant Earmarking of Securities; and</p> <p>ii. instruct the Cash Settlement Bank to credit funds to the Cash Settlement Account of the Buyer if a debit had already been made.</p> <p>d. x x x</p> <p>e. x x x</p> <p>f. x x x</p> <p>g. x x x</p> <p>h. x x x</p>	<p><b>17. Management of Failed Trades and Delayed Settlements (new052810)</b></p> <p>a. x x x</p> <p>b. x x x</p> <p>c. Release of Earmarking and Reversal of Debits</p> <p>In respect of each Failed Trade the <del>eDvP</del> FIDvP System shall:</p> <p>i. instruct the <del>Depository</del> Securities Settlement Agent to release any relevant Earmarking of Securities; and</p> <p>ii. instruct the Cash Settlement Bank to credit funds to the Cash Settlement Account of the Buyer if a debit had already been made.</p> <p>d. x x x</p> <p>e. x x x</p> <p>f. x x x</p> <p>g. x x x</p> <p>h. x x x</p>
<p><b>Rule 8.5 Cash Settlement Banks</b></p> <p>1. x x x</p> <p>2. x x x</p> <p>3. x x x</p> <p>4. x x x</p> <p>5. x x x</p> <p>6. x x x</p> <p>7. x x x</p> <p><b>8. Continuing Requirements</b></p> <p>a. A Cash Settlement Bank shall at all times:</p> <p>i. x x x</p> <p>ii. x x x</p> <p>iii. agree to post non trade related credits due on a Settlement Date to the Cash Settlement Accounts of Settlement Participants prior to the relevant</p>	<p><b>Rule 8.5 Cash Settlement Banks</b></p> <p>1. x x x</p> <p>2. x x x</p> <p>3. x x x</p> <p>4. x x x</p> <p>5. x x x</p> <p>6. x x x</p> <p>7. x x x</p> <p><b>8. Continuing Requirements</b></p> <p>a. A Cash Settlement Bank shall at all times:</p> <p>i. x x x</p> <p>ii. x x x</p> <p>iii. agree to post non trade related credits due on a Settlement Date to the Cash Settlement Accounts of</p>

<p>cut-off time for Settlement specified in the Timeline; and</p> <p>iv. x x x</p> <p>b. x x x</p> <p>9. <i>Bank Authorization Letter</i></p> <p>a. x x x</p> <p>b. The Bank Authorization Letter shall authorize PDEx to:</p> <p>i. Issue a binding debit instruction to the Cash Settlement Bank to debit the Cash Settlement Account of the Settlement Participant for the Payment of a Trade where the Settlement Participant is a Buyer;</p> <p>ii. x x x</p> <p>iii. x x x</p> <p>iv. x x x</p> <p>c. Commercial arrangements with regard to the management of the Cash Settlement Account shall be between the Cash Settlement Bank and the Settlement Participant.</p> <p>10. x x x</p> <p>11. x x x</p> <p>12. <i>Settlement Process</i></p> <p>a. Following Earmarking of Securities in the Depository Settlement Account of the Seller, the eDvP System shall send an instruction to the Cash Settlement Bank to debit the Buyer's Cash Settlement Account.</p>	<p>Settlement Participants, or of FIDvP Public Investors as defined under Rule 8.7, prior to the relevant cut-off time for Settlement specified in the Timeline; and</p> <p>iv. x x x</p> <p>b. x x x</p> <p>9. <i>Bank Authorization Letter</i></p> <p>a. x x x</p> <p>b. The Bank Authorization Letter shall authorize PDEx to:</p> <p>i. Issue a binding debit instruction to the Cash Settlement Bank to debit the Cash Settlement Account of the Settlement Participant, or of the FIDvP Public Investor as defined under Rule 8.7, for the Payment of a Trade where the Settlement Participant is a Buyer;</p> <p>ii. x x x</p> <p>iii. x x x</p> <p>iv. x x x</p> <p>c. Commercial arrangements with regard to the management of the Cash Settlement Account shall be between the Cash Settlement Bank and the Settlement Participant, or the FIDvP Public Investor as defined under Rule 8.7.</p> <p>10. x x x</p> <p>11. x x x</p> <p>12. <i>Settlement Process</i></p> <p>a. Following Earmarking of Securities in the <del>Depository</del> Securities Settlement Account of the Seller, the <del>eDvP</del> FIDvP System shall send an instruction to the Cash Settlement Bank to debit the Buyer's Cash Settlement Account.</p>
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<p>b. x x x c. x x x d. x x x e. x x x</p> <p>13. x x x 14. x x x 15. x x x 16. x x x 17. x x x</p>	<p>b. x x x c. x x x d. x x x e. x x x</p> <p>13. x x x 14. x x x 15. x x x 16. x x x 17. x x x</p>
<p><b>Rule 8.6      The Depository</b></p> <p><i>1. Role of the Depository</i></p> <p>The role of PDTC as a Depository and the opening and terms of use of the Depository Settlement Account by Settlement Participants shall be governed by the relevant PDTC Depository Rules as the same may be amended from time to time.</p> <p><i>2. Binding Effect of these Rules</i></p> <p>a. These Rules shall be binding upon the Depository, their officers, directors, employees and agents.</p> <p>b. These Rules shall be deemed to form an integral part of the terms and conditions of every related contract or transaction which the Depository may enter into with their customers in relation to the Settlement of PDEX Trades.</p> <p><i>3. Validation of Depository Settlement Account Details</i></p> <p>Following receipt of a request for confirmation of Depository Settlement Account details of a Settlement Participant, the Depository shall confirm or reject the accuracy of the details and whether the specified Depository Settlement Account was opened and maintained in the name of the Settlement Participant, as soon</p>	<p><b>Rule 8.6      The <del>Depository</del> Securities Settlement Agent</b></p> <p><i>1. Role of the <del>Depository</del> Securities Settlement Agent</i></p> <p>The Securities Settlement Agent shall either be the Depository or the Registry depending on the Securities Settlement Account enrolled by the Settlement Participant or the FIDvP Public Investor as defined under Rule 8.7.</p> <p>The role of PDTC as a Depository and the opening and terms of use of <del>the Depository Settlement Account</del> a Depository account as the Securities Settlement Account by Settlement Participants, or by FIDvP Public Investors as defined under Rule 8.7, shall be governed by the relevant PDTC Depository Rules as the same may be amended from time to time.</p> <p>The role of the National Registry of Scripless Securities of the Bureau of the Treasury and the opening and terms of use of an NRoSS account as the Securities Settlement Account by the Settlement Participants, or by FIDvP Public Investors as defined under Rule 8.7, shall be governed by the applicable agreements between PDEX and the Bureau of the Treasury as the same may be amended from time to time.</p> <p><i>2. Binding Effect of these Rules</i></p> <p>a. These Rules shall be binding upon the Depository, their officers, directors, employees and agents.</p>

as possible and within the time specified in the Timeline.

#### 4. Earmarking and Settlement

- a. On the specified Settlement Date of a Trade, the eDvP System shall instruct the Depository to Earmark the Quantity of Securities involved in a Trade in a designated Depository Settlement Account. Earmarking shall only be effected where the full Quantity of Securities is available for Earmarking.
- b. The Depository system shall advise the eDvP System in accordance with the Timeline:
  - i. if the full Quantity of Securities has been Earmarked; or
  - ii. if the Earmarking has failed giving reasons therefor.
- c. Where the Earmarking of the Securities has failed, the eDvP System shall resend the instruction to the Depository in accordance with the Timeline.

#### 5. Settlement of the Securities

- a. On receipt of an instruction to that effect from the eDvP System, the Depository shall debit the Earmarked Securities in the Seller's Depository Settlement Account and credit the Buyer's Depository Settlement Account.
- b. The Depository shall confirm the debit or credit performed to the eDvP System as soon as the entries have been made in its own systems and within the Timeline.
- c. In the event that:

- b. These Rules shall be deemed to form an integral part of the terms and conditions of every related contract or transaction which the Depository may enter into with their customers in relation to the Settlement of PDEX Trades.

#### 3. Validation of ~~Depository~~ Securities Settlement Account Details

Following receipt of a request for confirmation of ~~Depository~~ Securities Settlement Account details of a Settlement Participant, the ~~Depository~~ Securities Settlement Agent shall confirm or reject the accuracy of the details and whether the specified ~~Depository~~ Securities Settlement Account was opened and maintained in the name of the Settlement Participant, as soon as possible and within the time specified in the Timeline.

#### 4. Earmarking and Settlement

- a. On the specified Settlement Date of a Trade, the FIDvP System shall instruct the ~~Depository~~ Securities Settlement Agent to Earmark the Quantity of Securities involved in a Trade in a designated ~~Depository~~ Securities Settlement Account. Earmarking shall only be effected where the full Quantity of Securities is available for Earmarking.
- b. The ~~Depository~~ Securities Settlement Agent system shall advise the ~~eDvP~~ FIDvP System in accordance with the Timeline:
  - i. if the full Quantity of Securities has been Earmarked; or
  - ii. if the Earmarking has failed giving reasons therefor.
- c. Where the Earmarking of the Securities has failed, the FIDvP System shall resend the instruction to the ~~Depository~~ Securities Settlement Agent in accordance with the Timeline.

#### 5. Settlement of the Securities



<p>i. the Securities to be debited have not been Earmarked in the Depository Settlement Account, the eDvP system shall display that the status is pending availability of Seller's securities; or</p> <p>ii. the Securities cannot be credited, for whatever reason, to the specified Depository Settlement Account, the Depository shall credit them to a Suspense Account and send a Settlement confirmation Message to the eDvP System with a warning status.</p> <p>d. The Depository shall cooperate directly with the relevant Settlement Participant to identify the correct account and transfer the Securities from the Suspense Account in accordance with the instructions of the Settlement Participant as soon as practicable.</p> <p><b>6. Rejected Messages and Release of Earmarking</b></p> <p>a. x x x</p> <p>b. In accordance with the Timeline, PDEX shall instruct the Depository to release all Earmarked Securities relating to Failed Trades.</p> <p>c. The Depository shall release the Earmarked Securities only if a Message instructing the release of Earmarked Securities is received from PDEX.</p> <p><b>7. x x x</b></p> <p><b>Part Three - Expanded Delivery versus Payment for Public Investors</b></p>	<p>a. On receipt of an instruction to that effect from the <del>-eDvP</del> FIDvP System, the <del>Depository—Securities Settlement Agent</del> shall debit the Earmarked Securities in the Seller's <del>Depository Securities Settlement Account</del> and credit the Buyer's <del>Depository—Securities Settlement Account</del>.</p> <p>b. The <del>Depository—Securities Settlement Agent</del> shall confirm the debit or credit performed to the <del>-eDvP</del> FIDvP System as soon as the entries have been made in its own systems and within the Timeline.</p> <p>c. In the event that:</p> <p>i. the Securities to be debited have not been Earmarked in the <del>Depository—Securities Settlement Account</del>, the <del>eDvP</del> FIDvP system shall display that the status is pending availability of Seller's securities; or</p> <p>ii. the Securities cannot be credited, for whatever reason, to the specified <del>Depository—Securities Settlement Account</del>, the <del>Depository—Securities Settlement Agent</del> shall credit them to a Suspense Account and send a Settlement confirmation Message to the <del>-eDvP</del> FIDvP System with a warning status.</p> <p>d. The <del>Depository—Securities Settlement Agent</del> shall cooperate directly with the relevant Settlement Participant to identify the correct account and transfer the Securities from the Suspense Account in accordance with the instructions of the Settlement Participant as soon as practicable.</p> <p><b>6. Rejected Messages and Release of Earmarking</b></p> <p>a. x x x</p> <p>b. In accordance with the Timeline, PDEX shall instruct the <del>Depository—Securities Settlement Agent</del> to release all Earmarked Securities relating to Failed Trades.</p> <p>c. The <del>Depository—Securities Settlement Agent</del> shall release the</p>
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	<p>Earmarked Securities only if a Message instructing the release of Earmarked Securities is received from PDEx.</p> <p>7. x x x</p> <p><b>Part Three - <del>Expanded</del> Fixed Income Delivery versus Payment for Public Investors</b></p>
<p><i>Rule 8.7 Definitions</i></p> <p>For purposes of this Part Three, the following terms shall have the meanings given herein. Terms defined herein which are likewise defined in Rule 8.3 of these Rules shall be considered modified hereby.</p> <p>x x x</p> <p><i>Brokering Participant Special Power of Attorney (or BSPA)</i> shall refer to a non-exclusive Special Power of Attorney (SPA) executed by a eDvP Public Investor in favor of a Brokering Participant which authorizes the latter to execute Trades on behalf of the eDvP Public Investor and Settle the same directly into the customer's designated Depository Settlement Account and Cash Settlement Account through the eDvP Public Investor Facility.</p> <p>x x x</p> <p>x x x</p> <p><i>eDvP Public Investor Facility</i> shall refer to the facility available to customers of Brokering Participants that enables them to trade through a Brokering Participant but Settle such Trade directly into their own designated Depository Settlement Account and Cash Settlement Account even while the Brokering Participant remains to be the Settlement Participant for the Trade. Under this facility, the identity of the customer will be known only to the Brokering Participant who executed the Trade and not to the counterparty Trading Participant or Settlement Participant.</p> <p><i>eDvP Public Investor</i> shall refer to a customer of a Brokering</p>	<p><i>Rule 8.7 Definitions</i></p> <p>For purposes of this Part Three, the following terms shall have the meanings given herein. Terms defined herein which are likewise defined in Rule 8.3 of these Rules shall be considered modified hereby.</p> <p>x x x</p> <p><i>Brokering Participant Special Power of Attorney (or BSPA)</i> shall refer to a non-exclusive Special Power of Attorney (SPA) executed by a <del>eDvP</del> FIDvP Public Investor in favor of a Brokering Participant which authorizes the latter to execute Trades on behalf of the <del>eDvP</del> FIDvP Public Investor and Settle the same directly into the customer's designated <del>Depository</del> Securities Settlement Account and Cash Settlement Account through the <del>eDvP</del> FIDvP Public Investor Facility.</p> <p>x x x</p> <p>x x x</p> <p><i>eDvP FIDvP Public Investor Facility</i> shall refer to the facility available to customers of Brokering Participants that enables them to trade through a Brokering Participant but Settle such Trade directly into their own designated <del>Depository</del> Securities Settlement Account and Cash Settlement Account even while the Brokering Participant remains to be the Settlement Participant for the Trade. Under this facility, the identity of the customer will be known only to the Brokering Participant who executed the Trade and not to the counterparty Trading Participant or Settlement Participant.</p> <p><i>eDvP FIDvP Public Investor</i> shall refer to a customer of a Brokering Participant enrolled in the <del>eDvP</del> FIDvP Public Investor Facility, that</p>

Participant enrolled in the eDvP Public Investor Facility, that trades through a Brokering Participant but settles directly into or out of its own Depository Settlement Account or Cash Settlement Account, as applicable. The Brokering Participant that executed the Trade retains the primary responsibility for the Settlement of the Trade being the counterparty on trade execution. Thus, if the Customer DvP Participant fails to settle the Trade, the Brokering Participant assumes the settlement obligation.

x x x  
x x x

#### 1. Requirements for Enrollment as eDvP Public Investor

- a. A customer of a Brokering Participant shall apply as an eDvP Public Investor in the eDvP Public Investor Facility by submitting the following requirements in such form as shall be required by PDEX, through its Brokering Participant Sponsor:
  - i. Enrollment Form; with the Bank Authorization Letter; and
  - ii. Brokering Participant Special Power of Attorney.

The aforementioned requirements shall be used by the Broker Participants to activate the customer account in the eDvP Facility and shall form part of the records of the Broker Participant and shall be maintained in accordance with the relevant rules on records.

b. x x x

#### c. Depository Settlement Accounts of eDvP Public Investor

An eDvP Public Investor shall submit the details of his Depository Settlement Account to his Brokering Participant Sponsor which shall cause the entry of such details into the eDvP System, in accordance with the eDvP User Manual.

d. x x x

trades through a Brokering Participant but settles directly into or out of its own ~~Depository~~ Securities Settlement Account or Cash Settlement Account, as applicable. The Brokering Participant that executed the Trade retains the primary responsibility for the Settlement of the Trade being the counterparty on trade execution. Thus, if the ~~Customer DvP Participant~~ FIDvP Public Investor fails to settle the Trade, the Brokering Participant assumes the settlement obligation.

x x x  
x x x

#### 1. Requirements for Enrollment as ~~eDvP~~ FIDvP FIDvP Public Investor

- a. A ~~customer of a~~ Brokering Participant shall ~~apply as an eDvP Public Investor in the eDvP Public Investor Facility by submitting the~~ inform its customers of the option to become an FIDvP Public Investor and encourage his customers to apply as a FIDvP Public Investor in the FIDvP Public Investor Facility by explaining to him the benefits attendant thereto and by facilitating the submission by the customers of the following requirements in such form as shall be required by PDEX, through its Brokering Participant Sponsor:
  - i. FIDvP Enrollment Form; ~~with the Bank Authorization Letter; and~~
  - ii. ~~Brokering Participants Special Power of Attorney- Depository or NRoSS Authorization Letter;~~
  - iii. Bank Authorization Letter; and
  - iv. Brokering Participant Special Power of Attorney.

The aforementioned requirements shall be used by the Broker Participants to activate the customer account in the ~~eDvP~~ FIDvP Facility and shall form part of the records of the Broker Participant and shall be maintained in accordance with the relevant rules on records.

b. x x x

#### c. ~~Depository~~ Securities Settlement Accounts of ~~eDvP~~ FIDvP Public Investor

<p>e. x x x</p> <p>f. Activation of the eDvP Public Investor Accounts</p> <ol style="list-style-type: none"> <li>The Broker Participant Sponsor shall cause (or trigger or initiate) the submission of the Investor settlement account details to the Depository and the Cash Settlement Bank;</li> <li>Upon receipt of confirmation from both the Depository and the Cash Settlement Bank, the eDvP System shall automatically activate the eDvP Public Investor account; and</li> <li>x x x</li> <li>x x x</li> </ol> <p>2. x x x</p> <p>3. <i>Additional Continuing Requirements</i></p> <p>The eDvP Public Investor shall as soon as practicable, advise the Brokering Participant Sponsor of any changes on the details of its Depository Settlement Account and/or Cash Settlement Account.</p> <p>4. x x x</p> <p>5. <i>Update of Settlement Participant Details</i></p> <ol style="list-style-type: none"> <li>Responsibility for Information Accuracy and Updates</li> </ol> <p>eDvP Public Investor may update the details of their Depository and Cash Settlement Accounts and other pertinent details by submitting a Request for Account Update to the Brokering Participant Sponsor who shall enter the updates into the eDvP System.</p> <ol style="list-style-type: none"> <li>Update effectiveness</li> </ol> <ol style="list-style-type: none"> <li>x x x</li> <li>The eDvP System shall amend the Cash</li> </ol>	<p>An <del>eDvP</del> FIDvP Public Investor shall submit the details of his <del>Depository</del> Securities Settlement Account to his Brokering Participant Sponsor which shall cause the entry of such details into the F<del>eDvP</del> FIDvP System, in accordance with the <del>eDvP</del> FIDvP User Manual.</p> <ol style="list-style-type: none"> <li>x x x</li> <li>x x x</li> </ol> <p>f. Activation of the <del>eDvP</del> FIDvP Public Investor Accounts</p> <ol style="list-style-type: none"> <li>The Broker Participant Sponsor shall cause (or trigger or initiate) the submission of the Investor settlement account details to the <del>Depository</del> Securities Settlement Agent and the Cash Settlement Bank;</li> <li>Upon receipt of confirmation from both the <del>Depository</del> Securities Settlement Agent and the Cash Settlement Bank, the <del>eDvP</del> FIDvP System shall automatically activate the <del>eDvP</del> FIDvP Public Investor account; and</li> <li>x x x</li> <li>x x x</li> </ol> <p>2. x x x</p> <p>3. <i>Additional Continuing Requirements</i></p> <p>The <del>eDvP</del> FIDvP Public Investor shall as soon as practicable, advise the Brokering Participant Sponsor of any changes on the details of its <del>Depository</del> Securities Settlement Account and/or Cash Settlement Account.</p> <p>4. x x x</p> <p>5. <i>Update of Settlement Participant Details</i></p> <ol style="list-style-type: none"> <li>Responsibility for Information Accuracy and Updates</li> </ol>
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<p>Settlement Account or Depository Settlement Account details (as appropriate) attached to any Trades executed but not settled prior to the update taking effect.</p> <p>6. x x x</p> <p><i>(end of Rule 8)</i></p>	<p><del>eDvP</del> FIDvP Public Investor may update the details of their <del>Depository</del> Securities and Cash Settlement Accounts and other pertinent details by submitting a Request for Account Update to the Brokering Participant Sponsor who shall enter the updates into the <del>eDvP</del> FIDvP System.</p> <p>b. Update effectiveness</p> <p>i. x x x</p> <p>ii. The eDvP FIDvP System shall amend the Cash Settlement Account or <del>Depository</del> Securities Settlement Account details (as appropriate) attached to any Trades executed but not settled prior to the update taking effect.</p> <p>6. x x x</p> <p><i>(end of Rule 8)</i></p>
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