

**PROPOSED AMENDMENTS TO THE PDEX RULES
FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED:
PENALTIES FOR VIOLATIONS OF ISSUER’S DISCLOSURE OBLIGATIONS**

PROPOSED AMENDMENTS TO : Rules 7.9.4 and 18.6.2 (Consolidated Fines and Penalties) of PDEX Rules

Penalty Regime for Violations of Unstructured Disclosure Obligations under Rule 7.9.4

REFERENCE NUMBER : Proposal No. 01-2026

RATIONALE : To strengthen Issuer accountability and promote investor protection and market confidence

| Rule No. | Current Rule | Proposed Amendment |
|-------------|--------------|---|
| Rule 7.9.4 | N/A | Any violation of any of the preceding sections shall be penalized under Rule 18.6.2 |
| Rule 18.6.2 | N/A | <p>“Unstructured Disclosure shall refer to any material information or events requiring immediate disclosure under PDEX Rule 7.9, which does not fall within the list of Structured Disclosures under Rule 7.20.</p> <p>Further, “immediate” shall mean making the appropriate disclosure within ten (10) minutes from the receipt of such information or the happening or occurrence of said event.”</p> |

| Rule No. | Current Rule | Proposed Amendment | | | | | | | | | | | | | | | | |
|---|--------------|--|---------------|---------|---------------------------|------------|---------------------------|------------|---|------------|---------------|---------|---------------------------|-------------|---------------------------|-------------|---|-------------|
| | | <p>All instances of non-disclosure, delayed disclosure, or inaccurate disclosure committed within a calendar year, involving information that, while required to be disclosed under securities laws, are generally not expected to affect the Issuer's financial condition, operations, or overall capacity to pay shall subject the Issuer to the following penalties:</p> <table border="1" data-bbox="928 399 1694 591"> <thead> <tr> <th data-bbox="928 399 1312 440">Basic Penalty</th> <th data-bbox="1312 399 1694 440">Level 1</th> </tr> </thead> <tbody> <tr> <td data-bbox="928 440 1312 480">1st Violation</td> <td data-bbox="1312 440 1694 480">PHP 25,000</td> </tr> <tr> <td data-bbox="928 480 1312 521">2nd Violation</td> <td data-bbox="1312 480 1694 521">PHP 50,000</td> </tr> <tr> <td data-bbox="928 521 1312 591">3rd & subsequent violations</td> <td data-bbox="1312 521 1694 591">PHP 75,000</td> </tr> </tbody> </table> <p>Any other violation of the unstructured disclosure requirements committed within a calendar year involving the non-disclosure, delayed disclosure, or inaccurate disclosure of information generally expected to affect the Issuer's financial condition, operations, or overall capacity to pay, pursuant to PDEX Rule 7.9, shall subject the Issuer to the following penalties:</p> <table border="1" data-bbox="928 850 1694 1042"> <thead> <tr> <th data-bbox="928 850 1312 891">Basic Penalty</th> <th data-bbox="1312 850 1694 891">Level 2</th> </tr> </thead> <tbody> <tr> <td data-bbox="928 891 1312 932">1st Violation</td> <td data-bbox="1312 891 1694 932">PHP 100,000</td> </tr> <tr> <td data-bbox="928 932 1312 972">2nd Violation</td> <td data-bbox="1312 932 1694 972">PHP 150,000</td> </tr> <tr> <td data-bbox="928 972 1312 1042">3rd & subsequent violations</td> <td data-bbox="1312 972 1694 1042">PHP 200,000</td> </tr> </tbody> </table> <p>Continuing Violations: In addition to the applicable penalties under this Rule, a fine of One Thousand Pesos (₱1,000.00) shall be imposed for each calendar day during which the violation continues, up to and including the date the violation is rectified.</p> <p>Serious Offenses: Offenses involving fraud, market manipulation, concealment, and other violations specified under the SRC shall be referred to the Market Compliance Enforcement Committee or, where applicable, the Securities and Exchange Commission for appropriate action.</p> | Basic Penalty | Level 1 | 1 st Violation | PHP 25,000 | 2 nd Violation | PHP 50,000 | 3 rd & subsequent violations | PHP 75,000 | Basic Penalty | Level 2 | 1 st Violation | PHP 100,000 | 2 nd Violation | PHP 150,000 | 3 rd & subsequent violations | PHP 200,000 |
| Basic Penalty | Level 1 | | | | | | | | | | | | | | | | | |
| 1 st Violation | PHP 25,000 | | | | | | | | | | | | | | | | | |
| 2 nd Violation | PHP 50,000 | | | | | | | | | | | | | | | | | |
| 3 rd & subsequent violations | PHP 75,000 | | | | | | | | | | | | | | | | | |
| Basic Penalty | Level 2 | | | | | | | | | | | | | | | | | |
| 1 st Violation | PHP 100,000 | | | | | | | | | | | | | | | | | |
| 2 nd Violation | PHP 150,000 | | | | | | | | | | | | | | | | | |
| 3 rd & subsequent violations | PHP 200,000 | | | | | | | | | | | | | | | | | |

