

PROPOSED AMENDMENTS TO THE TRADING CONVENTIONS ON SETTLEMENT DATE

PROPOSED AMENDMENT TO: Section 6 of the Trading Conventions For Fixed Income Securities In The Public Market, As Amended (“Trading Conventions”) on Settlement Date

RATIONALE : The proposal is meant to recognize T+2 and T+3 as non-standard settlement dates for fixed income securities transactions and introduces the extended settlement date of up to two days from the original settlement date that may be used only in special circumstances of FI Trades involving offshore clients of Dealing or Brokering Participants.

CURRENT CONVENTION	REVISED PROPOSED AMENDMENT Approved by the MGB on March 2022	REVISED PROPOSED AMENDMENT (Updated as of December 2024)
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”).	6. <u>Settlement Date.</u> 6.1. Standard Settlement Date. The standard settlement date for Fixed Income Securities traded through <u>on</u> PDEx Trading System shall be the next Trading Day following the Trading Day when the trades were executed (“T+1”). 6.2. <u>Spot Settlement Date.</u> <u>If a trade cannot be agreed upon using the standard settlement date of “T+1”, the spot settlement date for Fixed Income Securities traded on PDEx may alternatively be set up to the third Trading Day after the trade date (up to “T+3”).</u> 6.3. <u>Extended Settlement Date.</u> <u>An FI Trade may be settled at an extended settlement date of up to two trading days after the original settlement date only under the following circumstances:</u>	6. <u>Settlement Date.</u> 6.1. Standard Settlement Date. The standard settlement date for Fixed Income Securities traded through <u>on</u> PDEx Trading System shall be the next Trading Day following the Trading Day when the trades were executed (“T+1”). 6.2. <u>Spot Settlement Date.</u> <u>If a trade cannot be agreed upon using the standard settlement date of “T+1”, the spot settlement date for Fixed Income Securities traded on PDEx may alternatively be set up to the third Trading Day after the trade date (up to “T+3”).</u> 6.3. <u>Extended Settlement Date.</u> <u>An FI Trade may be settled at an extended settlement date of up to two trading days after the original settlement date only under the following circumstances:</u>

	a) <u>The FI Trade involves a Trading Participant and an offshore client that requires the prolonged pre-settlement period to reconcile details with other settlement entities, e.g., custodians involved in such global settlements; and</u> b) <u>The Trading Participant dealing with the offshore investor or executing the offshore investor's order in the market must report to the Exchange its use of the extended settlement date and pay an extension fee in the amount of PHP5,000 per day of extension.</u> <u>In the event of settlement beyond the extended settlement date or non-settlement, the trade shall be regarded as a Failed Trade as defined in the PDEX Rules and the regulatory citations and penalties shall be imposed on top of the extension fees.</u> <u>Each trade that uses an extended settlement date shall comply with all the other applicable PDEX Rules and SEC Rules and Regulations and shall be subject to appropriate review and sanctions as warranted.</u>	a) <u>The FI Trade involves a Trading Participant and an offshore client that requires the prolonged pre-settlement period to reconcile details with other settlement entities, e.g., custodians involved in such global settlements; and</u> b) <u>The Trading Participant dealing with the offshore investor or executing the offshore investor's order in the market must report to the Exchange, following the process to be prescribed, its use of the extended settlement date and pay an extension fee in the amount of PHP2,500 per day of extension.</u> <u>In the event of settlement beyond the extended settlement date or non-settlement, the trade shall be regarded as a Failed Trade as defined in the PDEX Rules and the regulatory citations and penalties shall be imposed on top of the extension fees.</u> <u>Each trade that uses an extended settlement date shall comply with all the other applicable PDEX Rules and SEC Rules and Regulations and shall be subject to appropriate review and sanctions as warranted.</u>
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