ANNEX A

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

PROPOSED AMENDMENTS TO	:	Rule 18.5 of Consolidated Fines and Penalties
REFERENCE NO.		Proposal No. 002-2024 (revised as of 16 Dec 2025)
RATIONALE	:	To promote market discipline and strengthen investor protection in the PDEx market

Current Rule	Proposed Amendment Revised by the MGB on 16 December 2025
Rule 18.5 of Consolidated Fines and Penalties of PDEx Rules	(Note: This new provision will be included in the Consolidated Fines and Penalties and will be numbered as 18.5 and the numbering of the succeeding provisions shall be revised to reflect the correct sequential order.) **18.5. Penalties for Violation of Best Execution Rule (Rule 6.1.3)** **Any Brokering Participant found to be in violation of Rule 6.1.3 shall be subject to the following penalties, based on the trade volume involved in the transaction:** **A. Small Size Trades** **(Trade Volume: PHP 500,000 and below)** **1st Offense:** ~~Warning~~ Monetary Penalty ○ Rate: 1 basis point (bps) of the trade volume ○ Minimum Penalty: PHP 1,000 **2nd Offense:** Monetary Penalty ○ Rate: 1 bps of the trade volume ○ Minimum Penalty: ~~PHP 1,000~~ PHP 5,000 **3rd and Subsequent Offenses:** Monetary Penalty ○ Rate: 1 bps of the trade volume ○ Minimum Penalty: ~~PHP 5,000~~ PHP 10,000

	B. Medium Size Trades **(Trade Volume: Above PHP 500,000 up to PHP 100,000,000)** **1st Offense:** ~~Warning~~ Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** PHP 5,000 **2nd Offense:** Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** ~~PHP 5,000~~ PHP 10,000 **3rd and Subsequent Offenses:** Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** ~~PHP 10,000~~ PHP 15,000 **C. Large Size Trades** **(Trade Volume: Above PHP 100,000,000)** **1st Offense:** ~~Warning~~ Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** PHP 10,000 **2nd Offense:** Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** ~~PHP 10,000~~ PHP 15,000 **3rd and Subsequent Offenses:** Monetary Penalty ○ **Rate:** 1 bps of the trade volume ○ **Minimum Penalty:** ~~PHP 15,000~~ PHP 20,000 In addition to the above monetary penalties, the Market Governance Board reserves the right to impose non-monetary sanctions on habitual offenders as it deems appropriate. (Approved by MGB on 11 May 2025) For clarity, “Habitual Offender” is defined as Brokering Participant and/or its authorized personnel that have been found by the Market Compliance and Enforcement Committee (MCEC) to have committed at least four (4) violations of the Best Execution Rules within a single calendar year. (Approved by MGB on 19 August 2025)