Philippine Dealing & Exchange Corp.
Corporate Security Market Maker Program Guidelines

A. Program Objectives

- To provide continuous price liquidity across the Inter-Dealer, Inter-Professional and Investor Markets for corporate fixed income securities listed in the Philippine Dealing & Exchange Corp. (PDEx)
- To provide market access to quoted prices through sufficient trading limits for Trading Participants
- To improve investor awareness of price levels through the firm prices accessible by Brokering Participants

B. Corporate Security Market Maker Requirements

To participate in the Corporate Security Market Maker Program, a Trading Participant must:

- Be a duly admitted Dealing Participant with a duly executed Subscription Agreement in respect of use of the Order-Driven System
- Submit a duly executed Letter Undertaking to Participate as a Corporate Security Market Maker for specified listed corporate securities
- Have a Securities Account at the PDTC Depository for
  - Settlement of trades with Brokering Participants and Qualified Investor Participants
  - Deposit of Margin Securities to be applied to the Multilateral Trading Limit (when applicable)

C. Corporate Security Market Maker Commitments

As a PDEx Corporate Security Market Maker, a Dealing Participant commits to:

- Provide live BID and OFFER Orders (quoted in terms of clean price before tax) using the tax-withheld series names for listed corporate securities in the Order Driven System.
  - Firm Offers will initially be provided on a “best efforts” basis by the participating market makers until a Securities Lending facility for listed corporate securities is available.
  - The live BID and/or OFFER orders shall be
    - Provided throughout the whole trading day
    - Good for the minimum trading lot of each listed corporate security
    - Good for a cumulative trading commitment per trading day for each listed corporate security of <u>at least **PhP 10 Million**</u>

- Provide indicative BID Prices for listed corporate securities in the Negotiated Dealing Board during the Record Period, when the issue shall be suspended from trading.

A Corporate Security Market Maker should be willing to provide "exit" prices for other Trading Participants, especially for Brokering Participants that have posted offers for Client Investors. Thus, a PDEx Corporate Security Market Maker commits to:

- Provide a Counterparty Limit of at least **PhP 5 Million** for 70% of other Corporate Security Market Makers for the specified security
- Provide a Counterparty Limit of at least **PhP 1 Million** for 70% of the remaining non-Corporate Security Market Maker Trading Participants (including Qualified Investor Participants and Brokering Participants)
- Provide enough securities on margin in our PDTC Depository Account to support at a minimum Trading Limits of **PhP 10 Million** (when the Multilateral Trading Limit System is available)

D. Other Guidelines

- The participation of a Dealing Participant as a Corporate Security Market Maker shall be made known to Listed Issuers, to the other PDEx Trading Participants.
- A Dealing Participant that commits to act as a Corporate Security Market Maker agrees abide by the PDEx Rules for the Fixed Income Securities Market, as Amended (as they may be amended from time to time) particularly applicable to it as a Trading Participant and Market Maker.
- The participation of a Dealing Participant as a Corporate Security Market Maker shall be ongoing unless otherwise so notified in writing by the Dealing Participant at least seven (7) days in advance of intended termination.
- PDEx may terminate a Dealing Participant's participation as a Corporate Security Market Maker by advance written notice to the Dealing Participant within seven (7) days in advance of intended termination, should the Dealing Participant fail to comply with its obligations or with the PDEx Market Maker Program Guidelines or Rules.
- PDEx reserves the right to amend the above Corporate Security Maker Program Guidelines to comply with securities regulations, regulatory orders or directives of the Securities & Exchange Commission or the Market Governance Board, or in response to changes or improvements in its technology systems.