

**FOR APPROVAL OF THE SEC
PROPOSED AMENDMENTS TO THE PDEX RULES**

**(1) PROPOSED AMENDMENTS: CHANGING THE TIMELINESS STANDARD FOR EXECUTION
FROM ONE MINUTE TO 3 MINUTES**

Rationale for Proposal:

The PDEX MGB Trading Committee said that the 1-minute timeliness standard is particularly challenging, especially during an active market when numerous simultaneous trades are entertained. After consideration of the matter, the MGB had determined that a 3-minute timeliness standard preserves the price discovery objective and function and at the same time does not pose undue hardship on the ability of the market to comply. Please note however, that as the above matters are pending resolution of the SEC of the corollary proposal to amend Section 16 A. paragraph 1 of the OTC Rules upon which this 1-minute rule is based, we are bound to abide by the resolution thereof, and the final wording of the amendment proposed will necessarily be aligned with such resolution of the SEC.

[Rule 3.3.1, PDEX Rules:]

Rule 3.3 Trading System and Infrastructure

1. The PDEX Trading System is the technology infrastructure that provides the Trading Participants with automated deal capture and price discovery. The Trading Participants shall use the PDEX Trading System to transact and conclude their trades, except as otherwise provided in these Rules. Trades arranged or negotiated outside the PDEX Trading System shall be executed on the PDEX Trading System for settlement purposes within ~~one (1) minute~~ **three (3) minutes** from conclusion of negotiation. Every trade not executed on the PDEX Trading System shall be considered as a Category III violation of the party determined to be responsible for the non-execution.

x x x

(2) PROPOSED AMENDMENTS: T+N TRADES

Rationale for Proposal:

The MGB approved the proposed revision to govern transactions which have settlement dates that fall beyond the standard settlement date of trade date plus one (T+1) up to 360 days.

Rule 8.1 Standard Settlement Date

A Standard Settlement Date shall be agreed upon by the Dealing Participants and shall be included as part of its Trading Conventions as approved by PDEX. In setting the Standard Settlement Date, the PDEX shall at all times ensure that the same complies with the standard settlement date set by applicable laws, regulations issued thereunder, or the Commission.

Transactions with settlement dates that fall beyond the Standard Settlement Date shall comply with the applicable PDEX Rules, provided, however, that the settlement dates for these transactions should not exceed 360 days.

Rule 1.3 Qualifications of a Trading Participant

1. All Trading Participants should:

x x x

g. For Trading Participants which are under BSP supervision intending to execute transactions with settlement dates with a tenor of over 90 days in accordance with the second paragraph of Rule 8.1, have a derivatives license from the BSP; and

h. Have such other qualifications as shall be required by PDEX and the applicable laws and regulations.

(3) PROPOSED AMENDMENTS: CHANGING LISTING REQUIREMENT FROM ISSUER RATING TO ISSUE RATING

Rationale for Proposal:

The MGB also approved the proposed amendment which seeks to change the issuer rating as a requirement for listing to that of an issue rating. This proposal seeks to align the requirement to the applicable regulations. The proposed amendments also clarify the rules applicable when the Securities sought to be listed is approved by the BSP.

a. *Rule 7, Section 7.16.3*

~~“3. The Issuer of the Securities sought to be listed~~ Securities sought to be listed must be rated by a credit rating agency duly recognized by the applicable governmental authorities at the time of listing, provided that if ~~such Securities are subordinated, such Issuer shall also have the Securities rated at the time of listing,~~ the issuance of such Securities is approved by the BSP, the Issuer of the Securities sought to be listed must be rated by a credit rating agency at the time of listing, in lieu of the general requirement of an Issue Rating.”

~~A. Subordinated Securities whose issuance are approved by the BSP shall be exempt from the general requirement of an issue rating for Subordinated Securities~~

~~B. Issuers of credit-enhanced securities may opt to submit an issue rating in addition to the issuer rating required under this Rule.~~

b. *Rule 7, Section 7.16.4*

“The Securities must be subject of an agreement for continuous rating between the Issuer and a credit rating agency duly recognized by the applicable governmental authorities, provided that if the issuance of such Securities is approved by the BSP, a continuous rating of the Issuer of the Securities sought to be listed shall be accepted, in lieu of the general requirement of a continuous Issue Rating.”

c. *Rule 7, Section 7.18.1*

“The Listed Issuer shall have its listed Securities rated by a credit rating agency duly recognized by the applicable governmental authorities continually, provided that if the issuance of such Listed Securities is approved by the BSP, the Listed Issuer shall be rated by a credit rating agency duly recognized by the applicable governmental authorities continually.”