

RULE PROPOSAL ON AMENDMENT OF THE PDEX RULES: PRE-TERMINATION BY ISSUER

PROPOSED AMENDMENT TO : Rule 7.2 - Admission Criteria Relating to Issuers
Rule 6.3 - Other Duties to Customer

Reference No. : Proposal No. 006-2014

Rationale for the Proposal : To codify in the PDEX Rules the Issuer’s responsibility, as contained in the relevant BSP regulations, to shoulder taxes in the event of pre-termination of the covered instruments (LTNCTDs and Tier 2 Notes), which event can affect the tax liability of its holders, given their unique tax regime pursuant to the National Internal Revenue Code and its related regulations.

Further, to codify in the PDEX Rules the obligations of Trading Participants to fully inform customers regarding the terms and conditions of Securities by disclosing the Issuer’s responsibility to shoulder taxes due, if any, on the interest income earned by the holders of the Securities upon pre-termination by the Issuer.

ACTION : **FOR SEC APPROVAL**

CURRENT RULE	PROPOSED AMENDMENT
<p>Rule 7.2 Admission Criteria Relating to Issuers</p> <p>Companies applying for admission of their Securities shall comply with the following minimum requirements.</p> <p>1. xxx xxx 3. xxx</p>	<p>Rule 7.2 Admission Criteria Relating to Issuers</p> <p>Companies applying for admission of their Securities shall comply with the following minimum requirements.</p> <p>1. xxx xxx 3. xxx</p> <p><u>4. Issuers of Long-Term Negotiable Certificates of Time Deposits and Unsecured Subordinated Debt, covered by the PDEX Guidelines on the Trading and Settlement of Long-Term Bank-Issued Instruments, and other pertinent BSP regulations relative thereto, shall comply with the requirement to shoulder the taxes due, if any, on the interest income already earned by the holders of the Securities upon pre-termination by the Issuer, as these regulations may be amended from time to time.</u></p>
<p>Rule 6.3 Other Duties to Customer</p> <p>1.xxx xxx 14. xxx</p>	<p>Rule 6.3 Other Duties to Customer</p> <p>1.xxx xxx 14. xxx</p> <p><u>15. Every Trading Participant, for transactions in Securities covered by the PDEX Guidelines on the Trading and Settlement of Long-Term Bank-Issued Instruments, shall disclose to its customers, as may be applicable, the Issuer’s responsibility, as imposed by the pertinent BSP regulations relative thereto, to shoulder the taxes due, if any, on the interest income earned by the holders of the Securities upon pre-termination by the Issuer.</u></p>