

**PROPOSED PENALTIES FOR VIOLATION OF
THE BEST EXECUTION RULE**

PROPOSED AMENDMENT TO : Rule 6.1 Conduct and Ethics
[Proposed Penalties for Violation of Best Execution Rule]

Reference No. : Proposal No. 001-2012

Rationale for the Proposal : To promote market discipline and strengthen investor protection in the PEx market.

PROPOSED AMENDMENT:

<i>CURRENT RULE</i>	<i>PROPOSED AMENDMENT</i> (Approved by MGB for dissemination for comments)	<i>PROPOSED AMENDMENT</i> (Approved by MGB after comments)
<p>Rule 6.1. Ethical Conduct</p> <p>Every Trading Participant and its personnel shall:</p> <p>1. x x x</p> <p>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions.</p> <p>5. x x x</p>	<p>Rule 6.1. Ethical Conduct</p> <p>Every Trading Participant and its personnel shall:</p> <p>1.</p> <p>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions.</p> <p>5. x x x</p> <p><u>To provide the Trading Participants ample time to adjust to the imposition of the approved penalty, any violation of Rule 6.1.3 until the end of the first half of 2012 shall be penalized as follows:</u></p> <p>a. <u>1st violation within the first half of 2012 - Warning</u></p> <p>b. <u>2nd and succeeding violations within the first half of 2012 - TEN THOUSAND PESOS (PhP 10,000) per violation</u></p> <p><u>Thereafter, any violation of Rule 6.1.3 shall be penalized as follows:</u></p> <p>a. <u>1st violation within a calendar year - TEN THOUSAND PESOS (PhP10,000)</u></p> <p>b. <u>2nd violation within a calendar year- - TWENTY THOUSAND PESOS (PhP20,000)</u></p> <p>c. <u>3rd and succeeding violations within a calendar year - THIRTY THOUSAND PESOS (PhP30,000) per violation.</u></p>	<p>Rule 6.1. Ethical Conduct</p> <p>Every Trading Participant and its personnel shall:</p> <p>1.</p> <p>3. <u>For Brokering Participants, Use</u> reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions.</p> <p>5. x x x</p> <p><u>To provide the Brokering Participants ample time to adjust to the imposition of the approved penalty, any violation of Rule 6.1.3 until the end of the first half of 2012 shall be penalized as follows:</u></p> <p>c. <u>1st violation within the first half of 2012 - Warning</u></p> <p>d. <u>2nd and succeeding violations within the first half of 2012 - TEN THOUSAND PESOS (PhP 10,000) per violation</u></p> <p><u>Thereafter, any violation of Rule 6.1.3 shall be penalized as follows:</u></p> <p>c. <u>1st violation within a calendar year - TEN THOUSAND PESOS (PhP10,000)</u></p> <p>d. <u>2nd violation within a calendar year- - TWENTY THOUSAND PESOS (PhP20,000)</u></p> <p>c. <u>3rd and succeeding violations within a calendar year - THIRTY THOUSAND PESOS (PhP30,000) per violation.</u></p>