

POLICY GUIDANCE
CORPORATE SECURITY BROKER SPECIALISTS
Approved by the Market Governance Board on 2 March 2009

Rule 7.16.5 of the PDEX Rules for the Fixed Income Securities Market, As Amended (PDEX Rules) on Listing states:

Rule 7.16 Additional Listing Criteria

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5. The Securities must be subject of the commitments of at least three (3) Market-Makers.

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The PDEX Market Governance Board (MGB) at its meeting on 2 March 2009 affirmed the stated objective of this rule which is to facilitate continuous liquidity for listed corporate securities, giving investors an entry and exit mechanism for their securities investments.

However, intermediaries servicing issuers (i.e. underwriters) have expressed the difficulty of this requirement given the current environment. Thus, the following Policy Guidance was adopted to improve issuers' access to the trading market while still preserving the intent of enabling an environment of liquidity:

1. For bank issues - The requirement of three (3) Market-Makers are deemed sufficiently complied with when the commitments of three (3) Broker Specialists are instead obtained.
2. For non-bank issues - The requirement of three (3) Market-Makers are deemed sufficiently complied with when the commitment of at least one (1) Market-Maker and two (2) Broker Specialists are obtained.

Further to this Policy Guidance and to operationalize the same, PDEX has established a Corporate Security Broker Specialist Program under which a PDEX Brokering Participant accredited by PDEX as a Corporate Security Broker Specialist for a specific issue publicly commits to specialize in the taking of orders for a specific listed corporate security for which it is a Corporate Security Broker Specialist. The public commitment of a Corporate Security Broker Specialist is made known by PDEX by publication so that investors are informed of the Corporate Security Broker Specialist for a particular issue. Each Corporate Security Broker Specialist is expected to undertake activities for investors to educate and familiarize them with the features and terms and conditions of the particular listed corporate security for which they act as Corporate Security Specialist.