

**RULE PROPOSAL ON THE AMENDMENT OF THE PDEX RULES: PAYMENT OF FINES AND ADDITIONAL CHARGE FOR LATE PAYMENT OF MONETARY PENALTIES, AS REVISED**

**PROPOSED AMENDMENT TO** : Rule 17 - Sanctions and Guidelines

Reference No. : Proposal No. 005-2014A

Rationale for the Proposal : To standardize the process of collection of monetary penalties from Trading Participants and the escalation procedures in the event of non-payment. To reinforce the objective of deterring violations of the PDEX Rules and Securities laws.

**ACTION** : **FOR SEC APPROVAL**

| <b>CURRENT RULE</b>   | <b>PROPOSED AMENDMENT</b><br><i>(As disseminated for Comment &amp; submitted to SEC for information)</i>  | <b>PROPOSED REVISIONS</b><br><i>(As approved by the MGB on 18 November 2014; revisions in <b>red, bold, and underline</b>)</i>  |
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| <p><b>Rule 17.2 General Scale of Sanctions</b></p> <p>1. xxx<br/>xxx<br/>5. xxx</p> | <p><b>Rule 17.2 General Scale of Sanctions</b></p> <p>1. xxx<br/>xxx<br/>5. xxx</p> <p><b><u>Rule 17.3 Payment of Fines and Additional Penalties</u></b></p> <p><b><u>1. The erring Trading Participant shall pay the imposed monetary penalty by the Market Compliance and Discipline Committee (MCDC), pursuant to an executory decision or order, within fifteen (15) calendar days from receipt of notice of said executory decision or order.</u></b></p> <p><b><u>2. If the erring Trading Participant fails to pay the penalty within the prescribed period, it shall additionally pay, without need of prior notice or demand, a surcharge equivalent to twenty five percent (25%) of the imposed fine plus interest penalty of six percent (6%) per annum reckoned from the business day immediately preceding the day said penalty becomes due and payable up to the day of actual payment.</u></b></p> <p><b>3. If the erring Trading Participant fails to pay the fine,</b></p> | <p><b><u>Rule 17.2 General Scale of Sanctions</u></b></p> <p>1. <b><u>xxx</u></b><br/><b><u>xxx</u></b><br/><b><u>5. xxx</u></b></p> <p><b><u>Rule 17.3 Payment of Fines and Additional Penalties</u></b></p> <p><b><u>1. The erring Trading Participant shall pay the imposed monetary penalty by the Market Compliance and Discipline Committee (MCDC), pursuant to an executory decision or order, within <del>fifteen (15)</del> <b>thirty (30)</b> calendar days from receipt of notice of said executory decision or order.</u></b></p> <p><b><u>2. If the erring Trading Participant fails to pay the penalty within the prescribed period, it shall additionally pay, without need of prior notice or demand, a surcharge equivalent to twenty five percent (25%) of the imposed fine plus interest penalty of six percent (6%) per annum reckoned from the business day immediately preceding the day said penalty becomes due and payable up to the day of actual payment.</u></b></p> <p><b>3. If the erring Trading Participant fails to pay the fine, surcharge,</b></p> |

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|---------------------|---|---|
|                     | <p><u>surcharge, and interest thereon within thirty (30) calendar days from the lapse of the original 15-day period, PDEX shall inform the President and CEO of the Trading Participant, in writing, of the aforesaid penalty and violation committed by the Trading Participant's unit/s involved with the name/s of the responsible party/ies for the violation.</u></p> <p><u>4. Failure to pay the amounts in nos. 1 and 2 above within ninety (90) calendar days from the lapse of the original 15-day period prescribed in no. 1, PDEX shall suspend the Trading Participant's participation in PDEX until payment has been made. The Trading Participant shall receive a Notice of Suspension in this regard. The Proceedings of the MCDC as a disciplinary panel under Rule 15.4 shall be followed in cases of suspension imposed as a supplemental penalty.</u></p> <p><u>In all cases, the Trading Participant shall pay the imposed fine, surcharge, and interest penalties computed up to the date of actual payment.</u></p> | <p><u>and interest thereon within thirty (30) calendar days from the lapse of the original <del>45</del> <b>30</b>-day period, PDEX shall inform the President and CEO of the Trading Participant, in writing, of the aforesaid penalty and violation committed by the Trading Participant's unit/s involved with the name/s of the responsible party/ies for the violation.</u></p> <p><u>4. Failure to pay the amounts in nos. 1 and 2 above within ninety (90) calendar days from the lapse of the original <del>45</del> <b>30</b>-day period prescribed in no. 1, PDEX shall suspend the Trading Participant's participation in PDEX until payment has been made. The Trading Participant shall receive a Notice of Suspension in this regard. The Proceedings of the MCDC as a disciplinary panel under <b>Rule 15.14</b> shall be followed in cases of suspension imposed as a supplemental penalty.</u></p> <p><u>In all cases, the Trading Participant shall pay the imposed fine, surcharge, and interest penalties computed up to the date of actual payment.</u></p> <p><u><b>5. To avoid the imposition of surcharge and interest, a Trading Participant may pay the imposed monetary penalty under protest with a statement, in writing, addressed to the MCDC, that such payment is being made without admission of guilt of the offense/s charged, and without prejudice to the filing of a Motion for Reconsideration or Appeal, as the case may be.</b></u></p> |