

**Trading & Settlement Operating Guidelines
AYALA LAND, INC.
Homestarter Bonds Due 2019**

1. **Coverage**
 - 1.1. These Trading and Settlement Operating Guidelines shall apply to trades on the following securities (“Bonds”) of **AYALA LAND, INC.** (ALI or the “Issuer”) upon their listing on the Philippine Dealing & Exchange Corp. (PDEX).
 - 1.1.1. ALI Homestarter Bonds Due 2019 (“ALI Homestarter Bonds Due 2019”);
 - 1.2. A PDEX Trading Participant that trades on the Bonds shall be bound by these Trading and Settlement Operating Guidelines for the Bonds (Guidelines), the Trading Conventions for Fixed Income Securities in the Public Market (PDEX Trading Conventions), and the PDEX Rules for the Fixed Income Securities Market, as Amended (PDEX Rules).
2. **Pricing Convention.** Quotations for the Bonds shall be expressed in terms of Clean Price (i.e., price without accrued interest), exclusive of any applicable withholding tax. The Trading System shall calculate an implied Yield to Maturity.
3. **Day Count Standard.** The day count standard shall be 30E/360 ISMA non end of month.
4. **Series Names in Trading System**
 41. **Tax-Withheld Series Name** - the settlement value of a done trade on this series name shall be computed on a tax-withheld basis, based on a withholding tax rate of 20%.
 - 41.1. ALI Homestarter Bonds Due 2019 - “ALI HS 10-19”
 42. The main series name provides a description of the following information regarding the Bonds:
 - 42.1. Issuer Symbol - **ALI**
 - 42.2. Instrument Name - **HS** (i.e., Homestarter Bonds)
 - 42.3. Maturity Month - **10** (i.e., October)
 - 42.4. Maturity Year - **19** (i.e., 2019)
5. **Pre-Trade Requirements**
 - 5.1. The following pre-trade requirements shall be met for the implementation of the market framework under these Guidelines:
 - 5.1.1. **Designation of a SSA.** Each investor acting through a Trading Participant shall designate a Securities Settlement Account to be used for the settlement of trades of such investor.
 - 5.1.2. **Assignment of a PIC.** Each SSA of a customer of a Trading Participant shall be assigned by such Trading Participant a PDS Investor Code that is associated with the SSA and cash settlement account of such investor.

- 5.13. **Enrollment of PIC.** The corresponding PIC must be enrolled and activated in the PDSClear System before it may be used for trading.

6. Trading Mechanics

6.1. Tax-Withheld Series Name

6.1.1. Orders for the account of tax-withheld investors shall be dealt using the tax-withheld series name.

6.1.2. Market Making Participants (Market Makers) shall post prices using the tax-withheld series name.

6.2. For every order executed on behalf of a customer, the PIC of such customer shall be correctly entered by the Trading Participant as part of the details of each trade. PDS shall provide a mechanism for the handling of incorrectly and/or invalidly entered PICs.

7. Responsibilities of Trading Participants with Respect to the Bonds

7.1. A Trading Participant shall determine the eligibility and suitability of each buyer, and ensure that the buyer fully understands the terms and conditions of, and the risks involved in investing in the Bonds, including the option feature of the Bonds.

7.2. A Trading Participant shall warrant that each buyer is eligible in accordance with the Prospectus of the First Tranche of the Homestarter Bonds Series: Php 3.0 Billion Homestarter Bonds due 2019, which states that:

“Only Filipino individuals or resident foreign individuals are entitled to purchase the Homestarter Bonds (each an “Eligible Homestarter Bondholder”); foreign individuals shall be required to submit their respective alien certificates of registration as proof of residence in the Philippines; provided however, that the Underwriter shall, notwithstanding the foregoing, be considered an Eligible Homestarter Bondholder for purposes of purchasing Homestarter Bonds that remain unsold as of 5:00 p.m. on the last day of the Offer Period; provided further that, in connection with the said purchase, the Underwriter shall not be subject to the maximum subscription of Pesos: Ten Million (Php 10,000,000.00) per eligible Homestarter Bondholder.”

7.3. In the event a bondholder is discovered to be ineligible, they are required to sell their holdings immediately or on the business day following the day of discovery of said ineligibility, in the secondary market at the available market price.

8. Record Date for the Bonds

8.1. The Record Date for the Bonds due is the second (2nd) business day prior to the relevant Interest Payment Date.

9. Settlement Policy for Corporate Security Transactions.

All corporate security transactions executed on the PDEX Trading System shall be settled through the PDSClear System (formerly eDvP System) in accordance with the PDEX Rules.

