

# Addendum to the Guidelines for Listing or Enrollment of Bank-Issued Bonds and Commercial Paper: Framework for Bank Bond Issuance Program

## 1. Introduction

This document details the Framework for Listing or Enrollment of Bank Bonds issued under a Bank Bond Issuance Program<sup>1</sup>. This framework is an extension of the existing Guidelines for Listing or Enrollment of Bank-Issued Bonds and Commercial Paper (CP) and all provisions herein shall apply to Bank Issuers that intend to list or enroll bonds issued under a Bank Bond Issuance Program.

## 2. Definition & Rationale

- 2.1. For the purpose of this framework, a Bank Bond Issuance Program (“Program”) refers to a program for the issuance of a set of bonds up to a fixed maximum outstanding amount as may be issued from time to time and within a three-year period<sup>2</sup> from the initial issuance date.
- 2.2. Issuing under these Programs shall minimize the processing time especially for tranches that follow an initial issue (herein referred to as “follow-on tranches”). The framework is designed to streamline listing requirements for issuances under a Program while maintaining compliance with applicable regulations and disclosure obligations.
- 2.3. Similar to global Medium Term Note Programs, the application of Bank Bond Issuance Programs shall enable issuances through a so-called “reverse inquiry process<sup>3</sup>” which would benefit both Investors and Bank Issuers.

## 3. Documentary Requirements for Initial and Follow-On Tranches under Issuance Programs

- 3.1. For clarity, every listing or enrollment of an initial issuance under a Program shall have a complete set of the standard listing requirements (e.g. standard listing application form and issuer’s declaration and undertaking). The reduced documentary checklist shall only apply to follow-on tranches within a Program.
- 3.2. For the initial issuance, the agreements with the Bank Issuer’s designated Registry, its Underwriter/Issue Manager/Arranger and its Trustee may be executed as “master agreements” with each of the above entities and with general information about the Program. Likewise, the operative document of issuance (e.g. Offering Circular, Offering Memorandum, Information Memorandum, etc.) shall have the master set of disclosures. The terms of the bonds for the initial and each of the follow-on tranches from separate documents shall be incorporated as supplements to the master agreements and disclosures.

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<sup>1</sup> This framework is based on and fully consistent with the framework used for the listing of Shelf-Registered Corporate Bonds.

<sup>2</sup> While this is similar to a Medium Term Note (MTN) Program as practiced globally, the term “Bank Bond Issuance Program” was chosen for flexibility, because MTNs generally refer to instruments that usually have tenors between five (5) to ten (10) years while Bank-Issued Bonds as defined may have tenors of less than 5 years. The “3-year validity” matches the current tenor of SEC Shelf-Registration approvals.

<sup>3</sup> “Reverse Inquiry Process” refers to a process wherein an investor approaches and requests an Issuer Bank to issue a security to meet that investor’s specific investment terms. In such cases, the investor communicates the terms of the investment it seeks through an issuer’s selling agent and to which that issuer may agree to execute a transaction.

- 3.3. Under these guidelines, a Bank Bond Issuance Program (BP) Listing Application Form shall be used for each follow-on tranche or re-opening<sup>4</sup> by Bank Issuers listing or enrolling bonds under a Program. This form shall replace the requirement of the standard Listing Application Form. This BP Listing Application Form contains undertakings and warranties from Bank Issuers in relation to the non-submission of documents that have been previously submitted for an initial listing or enrollment and which will still remain valid, complete and subsisting. While this is similar to the PDEX Shelf-Registered (SR) Listing Application Form, it contains added warranties and declarations specific to the Bank Issuer's continuing commitment to remain fully compliant with BSP Circular No. 1010 and all other relevant requirements. The BP Listing Application Form also contains a section for the re-opening of bank bonds issued under a Program.
- 3.4. For follow-on tranches, the following requirements shall be observed:
  - 3.4.1. If there is a new notification letter submitted to the BSP regarding the bank's issuance of bonds under a Program, a copy of the new notification letter, duly received by the BSP, shall be submitted to PDEX.
  - 3.4.2. If there is no new notification to the BSP, the Bank Issuer shall submit a Certification of Compliance with all of the requirements under BSP Circular No. 1010 and all other relevant rules and regulations, duly signed by the President and Compliance Officer of the Bank Issuer.
- 3.5. In addition to all applicable regulations and regular disclosure obligations, a "Certification of No Material Change" shall be submitted for each follow-on tranche issued under a Program. The Certification shall identify and enumerate the documents which did not entail a new submission. The Bank Issuer shall confirm that the documents enumerated in the Certification will no longer be resubmitted to PDEX as these have not been updated or otherwise revised and still remain complete, accurate, valid and subsisting.
4. **Re-opening for Bank Bonds.** Under this framework, Bank Issuers shall be allowed to re-open bonds using the same security details (i.e. the same International Securities Identification Number "ISIN") under the following conditions:
  - 4.1. All contracted cash payments and cash payment dates are the same as the original security (e.g. first coupon cannot be short).
  - 4.2. The bond re-opening adheres to all requirements of listing or enrollment of follow-on tranches including the applicability of terms and conditions of the original issues as defined in the prospectus/Offering Circular, trading settlement guidelines, registry and paying agency agreement, and trust agreement.
5. **Listing or Enrollment Ceremony.** There is no change to the requirement of a listing ceremony as required under Rule 7.6.6 of the PDEX Rules, and shall apply even for bond re-openings.

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<sup>4</sup> "Re-opening" refers to the issuance of the additional amounts of a previously issued bond retaining the same International Securities Identification Number (ISIN) and being completely fungible with the original issue. These are also referred to as "re-issuances" in the Philippines.