

# Guidelines for Listing or Enrollment of Bank-Issued Bonds and Commercial Paper

## A. INTRODUCTION

This document is a guide for the treatment of bank-issued bonds and commercial paper that are presented for listing or enrollment within the PDEX Fixed Income Market, described by BSP Circular No. 975, Series of 2017 and BSP Circular No. 1010, Series of 2018 and defined as follows:

**“Bank-Issued Bonds”** shall refer to instruments/securities (regardless of tenor) issued by Banks traded in an SEC-registered organized market in accordance with SEC rules and regulations.

**“Commercial Paper”** shall refer to evidence of indebtedness of any person with a maturity of three hundred and sixty-five (365) days or less.

## B. GUIDELINES. The following guidelines shall apply for the listing or enrollment of Bank-Issued Bonds and Commercial Paper:

1. With the exception of the need for an SEC Registration, Bank-Issued Bonds and Commercial Paper will follow listing and enrollment requirements of regular corporate bonds, which for clarity will include the following specific requirements:
  - a. The listed or enrolled Bank-Issued Bonds and Commercial Paper must have at least one (1) Market Maker which firmly commits to provide live bid good for the minimum denomination under the terms and conditions of the Bank-Issued Bonds and Commercial Paper, and a cumulative trading commitment per trading day per issue in accordance with the Issuer’s prospectus or Offering Circular which should not be lower than Php10 million. Furthermore, such Market Maker may not be the Issuing Bank itself or a related entity of the Issuing Bank in accordance with the pertinent BSP Circular.
  - b. The listed or enrolled Bank-Issued Bonds and Commercial Paper must have a Trustee / Facility Agent that has no interest or relation to the Issuer, for such Trustee / Facility Agent to act on behalf of the holders in accordance with Rule 7.3.8 of the PDEX Rules.
  - c. The Issuing Bank must have an Issuer/Issue Credit Rating provided by a credit rating agency duly accredited by the BSP.

2. In place of a copy of the SEC Registration Statement and in accordance with BSP Circular 1010, prior to listing or enrollment an Issuing Bank shall be required to present the following documents:
  - a. a copy of the operative document of issuance, e.g. Offering Circular, Offering Memorandum, Information Memorandum etc.
  - b. an authenticated copy of the Issuing Bank's notification letter to the BSP of the issuance of its security and with such notice duly received by the BSP, and
  - c. an authenticated copy of the certification, duly received by the BSP, that the bank has complied with the prudential criteria as provided in Section X239/4239Q of the MORB/MORNBF1.
  
3. **Fiscal Framework.** Bank-Issued Bonds shall be admitted for listing or enrollment on the Issuing Bank's acceptance of the following Fiscal Framework:
  - a. If the Bank-Issued Bond or Commercial Paper has a tenor of less than five (5) years, then the general tax framework applying a Final Withholding Tax of twenty per cent (FWT 20%) on interest income will be followed.
  - b. If the Bank-Issued Bond has a tenor of at least five (5) years, then the current tax framework for Long-Term Bank-Issued Instruments listed on PDEX as approved by the BIR, shall be applied.

Issuances violating these Guidelines will be penalized accordingly.