

**Trading & Settlement Operating Guidelines
SAN MIGUEL CORPORATION
Fixed Rate Bonds Series I Due 2027**

1. Coverage

- 1.1. These Trading and Settlement Operating Guidelines (“Guidelines”) shall apply to trades of the **San Miguel Corporation (“SMC” or the “Issuer”) Fixed Rate Bonds Series I Due 2027** (the “Bonds”) upon its listing on the Philippine Dealing & Exchange Corp. (PDEX) on 8 July 2021.
- 1.2. A PDEX Trading Participant that trades on the Bonds shall be bound by these Guidelines, the Trading Conventions for Fixed Income Securities in the Public Market (PDEX Trading Conventions), the PDEX Rules for the Fixed Income Securities Market, as amended (PDEX Rules), and the Trading and Settlement Guidelines for Holders Subject to 25% or 30% Final Withholding Tax for Listed Corporate Securities.

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.

- 2.1. These Bonds carry an option for the Qualified Bondholders to require SMC to redeem the Bonds on the 3rd anniversary date of the issuance or on 8 July 2024, at face value, all or a portion of the Bonds, at the minimum denomination of ₱50,000.00, and in integral multiples of ₱10,000.00 thereafter. Said date is also the Put Option Exercise Date and the effectivity of the Repriced Interest Rate.
- 2.2. Because the Interest Rate beyond 8 July 2024 is unknown, the convention for the Bonds shall be on a “Yield to Put” basis. To this end, the Bonds shall be set up in the Trading System using the Put Date of 8 July 2024 as the Maturity Date of the Bonds.
- 2.3. In the event that SMC is not required to redeem all the Bonds on 8 July 2024, the Trading System shall be adjusted to reflect the Maturity Date of 8 July 2027 and the Repriced Interest Rate of the outstanding Bonds.

3. Day Count Standard. The day count standard shall be 30E/360 ISMA non end of month.

4. Local ID in the Trading System. There shall be one (1) local ID for the Bonds the corporate bonds market tab of the Trading System, namely: **“SMC 07-27 R25”**

The local ID provides a description of the following information regarding the Bonds:

- 4.1. Issuer Symbol – **SMC**
- 4.2. Maturity Month – **07** (i.e., July)
- 4.3. Maturity Year – **27** (i.e., 2027)
- 4.4. Optional Redemption Year – **R25** (i.e., 2025)



5. Trading Mechanics

51. **20% Tax Rate.** Orders for the account of tax-withheld investors and Dealing Participants trading for their own proprietary position shall input the 20% tax rate in the trade input (VTR) ticket tax field.
52. **No Withholding Tax.** Orders for the account of investors not subject to withholding tax shall have 0% tax rate in the trade input (VTR) ticket tax field.
53. **25% Tax Rate.** Orders for the account of investors subject to withholding tax rate of 25% shall have 25% tax rate in the trade input (VTR) ticket tax field.

6. Mechanics as to the Exercise of the Put Option or Repricing of the Bonds.

The Issuer shall duly notify PDEX in writing on the 38th Business Day prior to the Put Option Exercise Date in reference to the exercise of the Put Option or Repricing of the Bonds.

61. Should the Qualified Bondholders exercise the Put Option in whole, the Bonds shall be delisted from the Trading System, in accordance with the regular delisting process of the bonds. In this case, two (2) business days before the Put Date, or on 4 July 2024, or on the immediately preceding business day should said date fall on a non-business day.

The portion of the Bonds with respect to which the Put Option has not been exercised, such Bonds shall remain outstanding for trading in PDEX and shall earn interest on the Repriced Interest Rate commencing on 8 July 2024.

62. If the Issuer elects to reprice the Bonds, adjustments in the Trading System will occur starting at the end of day, after advise by the Issuer of the Repriced Interest Rate, three (3) business days before the effectivity of the Repriced Interest Rate, or on 03 July 2024, or on the immediately preceding business day should said date fall on a non-business day.

621. The Issuer shall advise PDEX of the Repriced Interest Rate on or before 5:20 PM of 3 July 2024.

622. A Settlement Break will be implemented on the Closed Period of the Bonds.

623. In the event that 8 July 2024 falls on a non-business day, the Settlement of the Bonds will resume on the next business day after.

7. Responsibilities of Trading Participants with Respect to the Bonds.

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

8. Record Date for the Bonds.

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 PDS Clear System (formerly eDvP System) in accordance with the PDEX Rules.
10. **Restrictions on Transfers across Tax Status**
 - 10.1. In accordance with the Terms and Conditions of the Bonds, Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a business day, provided however that transfers from Tax-Exempt Category to a Taxable Tax Category on a non-Interest Payment Date shall be allowed using the applicable tax rate, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category of its taxable counterpart for the interest period within which such transfer occurred.
 - 10.2. For transfers across Tax Categories occurring on Interest Payment Date, PDEX Trading Participants shall execute trades using 20% tax rate, where computations are based on a final withholding tax rate.
 - 10.3. This restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented.
 - 10.4. A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar. Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.