

PDEX Trading & Settlement Operating Guidelines, As Amended
Ayala Corporation Fixed Rate Bonds due 2012
(amended 14 August 2008)

1. **Coverage**
 - 1.1. These Trading and Settlement Guidelines (Guidelines) shall apply to trades on **Ayala Corporation Fixed Rate Bonds due 2012** (“AC Bonds” or “Bonds”) upon its listing in PDEX.
 - 1.2. A PDEX Trading Participant that trades on the Bonds shall be deemed to be bound by these Trading and Settlement Guidelines (**AC Bonds Guidelines**) as well as the Trading Conventions for Fixed Income Securities in the Public Market (PDEX Trading Conventions) and the PDEX Rules.

2. **Trading Lot Conventions: Minimum Trading Size** *(amended 14 August 2008)*
 21. Prior to August 29: Php 250,000
 22. Effective August 29: Php 50,000

3. **Day Count Standard.** The day count standard shall be 30E/360 ISMA.

4. **Series Names in Trading System.** There shall be two (2) series names of the AC Bonds in the corporate securities board of the Trading System. The two (2) series names are being made available solely for settlement value computation purposes, and should not be construed as two (2) separate tranches or series of the AC Bonds nor as two (2) separate securities.
 41. “AC 12 R10 6.825” - 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%.
 42. “AC 12 R10 NWT”- “NWT” indicates that the settlement value of a done trade on this series name shall be computed on a no tax-withheld basis.
 43. The main series name “AC 12 R10” provides a description of the following information regarding the security:
 431. AC - Issuer Symbol
 432. 12 - Maturity Year (i.e, 2012)
 433. R - With optional redemption feature
 434. 10 - Earliest Optional Redemption Year (i.e., 2010)

5. **Disclosure Duty to Clients.** A Brokering Participant shall inform its client of the optional redemption feature of the **AC Bonds** prior to entering the client’s order in the Trading System.

6. Trading Mechanics

- 6.1. Orders for the account of tax-withheld investors and Dealing Participants, including Market Making Participants, trading for their own proprietary position shall be dealt using the “**AC 12 R10 6.825**” series name.
- 6.2. Orders for the account of tax-exempt investors shall be dealt using the “**AC 12 R10 NWT**” series name.
- 6.3. In line with transfer restrictions of the Bonds (*refer to page 12 of the AC Bonds Prospectus*), orders for the account of tax-exempt investors willing to trade with a tax-withheld investor (e.g., with a Market Making Participant) on a tax-withheld basis can be dealt using the “**AC 12 R10 6.825**” series name for value on a Coupon Payment Date only.

7. Trading Break during Record Period.

- 7.1. The **AC Bonds Record Date** is the 12th business day preceding the relevant Coupon Payment Date.
- 7.2. For clarity, the **AC Bonds Record Period** shall be the period from and including the Record Date to and including one business day prior to the Coupon Payment Date.

8. Settlement Mechanics

- 8.1. Every trade executed on the Trading System shall be electronically transmitted to the eDvP System for settlement authorization. Each authorized trade shall be settled in accordance with the general process for Expanded Delivery-versus-Payment (eDvP) in the PDEX Rules, with binding instructions electronically transmitted to the following settlement entities:
 - 8.1.1. PDTC in its capacity as a SEC-licensed Depository for the delivery of the securities
 - 8.1.2. BSP PhilPaSS or the Cash Settlement Banks, as applicable, for the cash payment
- 8.2. Regardless of the series name dealt in the Trading System, a trade shall be identified by the instrument name “**AC 12 R10 6.825**” and the registry security identification number (Registry SIN) “**ACFXBOND2012**” in the eDvP System.
 - 8.2.1. In the “Unauthorized Trades” and “Authorized Trades” screens, the trade shall be identified by the instrument name “**AC 12 R10 6.825**”.
 - 8.2.2. In the eDvP settlement reports, the trade shall be identified by the Registry SIN “**ACFXBOND2012**”.
- 8.3. Regardless of the series name dealt in the Trading System, the AC Bonds shall be identified by the Registry SIN “**ACFXBOND2012**” in the PDTC eCS Depository System.