

**Trading & Settlement Operating Guidelines  
AYALA CORPORATION  
Fixed Rate Multiple Put Bonds Due 2021**

- 1. Coverage**
  - 1.1.** These Trading and Settlement Operating Guidelines shall apply to trades on the **AYALA CORPORATION** (“AC” or the “Issuer”) Fixed Rate Multiple Put Bonds, due 2021 (“AC Bonds due 2021” or the “Bonds”)
  - 1.2.** A Trading Participant of the Philippine Dealing & Exchange Corp. (PDEX) 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.
- 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.

**Series Names in Trading System.** There shall be two (2) series names for the Bonds in the corporate securities board of the Trading System. The two (2) series names for the Bonds are being made available solely for settlement value computation purposes, and should not be construed as two (2) separate tranches or series nor as separate securities.

- 3.1.** 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%.
  - 3.1.1.** AC Bonds due 2021 - “AC 05-21”
- 3.2.** No Withholding Tax (NWT) Series Name - suffix “NWT” indicates that the settlement value of a done trade on this series name shall be computed on a no tax-withheld basis.
  - 3.2.1.** AC Bonds due 2021 - “AC 05-21-NWT”
- 3.3.** The main series name “AC 05-21” provides a description of the following information regarding the Bonds:
  - 3.3.1.** Issuer Symbol - AC
  - 3.3.2.** Maturity Month - 05 (i.e., May)
  - 3.3.3.** Maturity Year - 21 (i.e., 2021)



## 4. Trading Mechanics

### 4.1. Tax-Withheld Series Name

4.1.1. Orders for the account of tax-withheld investors and Dealing Participants trading for their own proprietary position shall be dealt using the tax-withheld series name.

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

4.2. **No Withholding Tax Series Name.** Orders for the account of investors not subject to withholding tax shall be dealt using the no-withholding tax series name.

## 5. Responsibilities of Trading Participants with Respect to the Bonds

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

## 6. Trading Break during Record Period

6.1. In accordance with PDEX Trading Conventions, there shall be a trading break during the Record Period for the Bonds.

6.2. For clarity, the Record Period shall be the period from and including the Record Date to and including one business day prior to the Interest Payment Date. The Record Date for the Bonds is the third (3rd) business day prior to the relevant Interest Payment Date.

## 7. Settlement Policy for Corporate Security Transactions.

All corporate security transactions executed on the PDEX Trading System shall be settled through the Expanded Delivery-versus-Payment (eDvP) System in accordance with the PDEX Rules.

## 8. Restrictions on Transfers across Tax Status

In accordance with the Terms and Conditions of the Bonds, bondholders may transfer their Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between bondholders of different tax status occur on a day which is not an Interest Payment Date, tax-exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers 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.