

PDEX Trading & Settlement Operating Guidelines
Manila Water Company, Inc. (MWC) Fixed Rate Bonds Due 2013

1. **Coverage**
 - 1.1. These Trading and Settlement Guidelines (Guidelines) shall apply to trades on the following securities (“Bonds”) of **Manila Water Company Inc. (MWC** or the “Issuer”) upon their listing in PDEX:
 - 1.1.1. **MWC Fixed Rate Bonds Due 2013 (“MWC Bonds due 2013”)**
 - 1.2. A PDEX Trading Participant that trades on the Bonds shall be deemed to 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 may calculate an implied Yield to Maturity.
3. **Trading Lot Convention: Minimum Trading Size - PhP 10,000.**
4. **Day Count Standard.** The day count standard shall be **30E/360 ISMA.**
5. **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 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.
 - 5.1. 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%.
 - 5.1.1. **MWC Bonds due 2013 - “MWC 13 R11”**
 - 5.2. 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.
 - 5.2.1. **MWC Bonds due 2013 - “MWC 13 R11-NWT”**
 - 5.3. The main series name “MWC 13 R11” provides a description of the following information regarding the security:
 - 5.3.1. Issuer Symbol - MWC
 - 5.3.2. Maturity Year - 13 (i.e., 2013)

5.3.3. Call Option Year - R11 (i.e., 2011)

6. Trading Mechanics
 - 6.1. Tax-Withheld Series Name
 - 6.1.1. 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.
 - 6.1.2. Market Making Participants (Market Makers) shall post prices using the tax-withheld series name.
 - 6.2. 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.
7. Responsibilities of Trading Participants with Respect to the Bonds
 - 7.1. A Trading Participant shall determine the suitability of each buyer and ensure that he fully understands the risks involved in investing in the Bonds.
 - 7.2. A Trading Participant shall inform its client of the call feature of the Bonds prior to entering the client's order in the Trading System.
8. Trading Break during Record Period.
 - 8.1. In accordance with PDEX Trading Conventions, there shall be a trading break during the Record Period for the Bonds.
 - 8.2. 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 as follows:
 - 8.2.1. MWC Bonds due 2013 - third (3rd) banking day preceding the relevant Interest Payment Date
9. Restrictions on Transfers. In accordance with the Terms and Conditions of the Bonds (p. 37 of the MWC Bonds Prospectus), Bondholders may transfer Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee.
 - 9.1. 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.
10. Settlement Mechanics
 - 10.1. 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:

10.1.1. PDTC Depository or PDTC Registry, as applicable for the delivery and receipt of the securities. Use of a PDTC Name-on-Registry account as eDvP securities settlement account is subject to pre-enrolment by the sponsoring Trading Participant in the eDvP System prior to execution of the trade in Trading System.

10.1.2. BSP PhilPaSS or the Cash Settlement Banks, as applicable, for the cash payment

10.2. Regardless of the series name dealt in the Trading System, a trade shall be identified by the following instrument names and corresponding Security Identification Number (SIN) in the eDvP System.

	Instrument Name	SIN
MWC Bonds due 2013	“MWC 13 R11”	“MWC FXBND2013”

10.2.1. In the “Unauthorized Trades” and “Authorized Trades” screens, the trade shall be identified by the instrument name.

10.2.2. In the eDvP settlement reports, the trade shall be identified by the SIN.

10.3. Regardless of the series name dealt in the Trading System, the Bonds shall be identified by the SIN in the PDTC eCS Depository System.

10.4. Pre-settlement (not needed if seller designates a PDTC Name-on-Registry Account as securities settlement account). Sold Bonds should be lodged in the PDTC Depository on or before settlement date.

10.4.1. A seller shall execute a PDTC Registry Trade Transfer Form, authorizing the transfer of its Bonds from its Registry Account to the PDTC Depository Account of its PDEX Brokering Participant (or own Depository account if the seller is a Dealing Participant).

10.4.2. The seller, through its Brokering Participant (or the Dealing Participant, if it is the seller) shall submit the duly executed Registry Trade Transfer Form and payment for the trade transfer fee to PDTC. Note PDTC’s 12 noon cut-off time for same-day processing of transfer requests.

10.5. Post-settlement (not needed if buyer designates a PDTC Name-on-Registry Account as securities settlement account). Bought Bonds can be maintained at the PDTC Depository or uplifted (i.e., withdrawn) and registered under the buyer’s name at the PDTC Registry.

10.5.1. Bought Bonds can be maintained in a BSP Circular 392-compliant PDTC Depository account (e.g., account of a Dealing Participant, investor or custodian). Securities maintained at the PDTC Depository are subject to a Depository Maintenance Fee charged to the depository account holder.

10.5.2. A buying Trading Participant can opt to transfer the bought Bonds from its Depository account (the “source account”) to any of the following accounts (the “target account”) using the “Account Transfer” function of the eCS Depository System:

- Another Depository account (i.e., direct depository account of the investor or custodian), or
- PDTC Name-on-Registry Account.

Transfers are subject to PDTC Depository transfer or uplift fees.

10.5.3. The target Name-on-Registry Account should already be opened prior to the transfer. Opening of new registry accounts for new holders are subject to an account opening fee and the investor registration documentary requirements of PDTC Registry. Note PDTC’s 12 noon cut-off time for same-day processing of account opening requests.