

PDEX Trading & Settlement Operating Guidelines
San Miguel Brewery Inc. (SMB) Fixed Rate Bonds
Series A Bonds Due 2012
Series C Bonds Due 2019

1. Coverage

- 1.1.** These Trading and Settlement Guidelines (Guidelines) shall apply to trades on the following securities (“Bonds”) of **San Miguel Brewery Inc. (“SMB” or the “Issuer”)** upon their listing in PDEX:
- 1.1.1.** **SMB Three Year Fixed Rate Bonds Due 2012 (“SMB 3-Year Bonds due 2012” or the “SMB Series A Bonds”)**
- 1.1.2.** **SMB Ten Year Fixed Rate Bonds Due 2019 (“SMB 10-Year Bonds due 2019” or the “SMB Series C Bonds”)**
- 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, up to the 7th decimal point)), exclusive of any applicable withholding tax. The Trading System may display an implied Yield to Maturity Date.

- 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 for each of the Bonds in the corporate securities board of the Trading System. The two (2) series names for each of 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.

- 4.1.** Tax-Withheld Series Names - 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%.

4.1.1. SMB Series A Bonds - **“SMB 04-12”**

4.1.2. SMB Series C Bonds - **“SMB 04-19”**

- 4.2.** No Withholding Tax (NWT) Series Names - suffix “NWT” indicates that the settlement value of a done trade on this series name shall be computed on a no tax-withheld basis.

4.2.1. SMB Series A Bonds - **“SMB 04-12-NWT”**

4.2.2. SMB Series C Bonds - **“SMB 04-19-NWT”**

43. The main series names “SMB 04-12” and “SMB 04-19” provides a description of the following information regarding the security:
 - 43.1. Issuer Symbol - **SMB**
 - 43.2. Maturity Month - 04 (i.e., April)
 - 43.3. Maturity Year - 12 (i.e., 2012) and 19 (i.e., 2019) respectively

5. **Trading Mechanics**
 - 5.1. **Tax-Withheld Series Name**
 - 5.1.1. 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.
 - 5.1.2. Market Making Participants (Market Makers) shall post prices using the tax-withheld series name.
 - 5.2. **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.

6. **Responsibilities of Trading Participants with Respect to the Bonds**
 - 6.1. A Trading Participant shall determine the eligibility and suitability of each buyer and ensure that the buyer fully understands the terms and conditions of, and the risks involved in investing in the Bonds.

7. **Trading Break during Record Period.**
 - 7.1. In accordance with PDEX Trading Conventions, there shall be a trading break during the Record Period for the Bonds.
 - 7.2. 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 **fourth (4th) business day (as defined in the terms and conditions of the SMB Bonds) preceding the relevant Interest Payment Date.**

8. **Restrictions on Transfers.** In accordance with the Terms and Conditions of the Bonds (**p. 43** of the Prospectus), Bondholders may transfer Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee.
 - 8.1. 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.

9. Settlement Mechanics

- 9.1.** 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:
- 9.1.1.** 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; and
- 9.1.2.** BSP PhilPaSS or the Cash Settlement Banks, as applicable, for the cash payment.
- 9.2.** 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	Security Identification No.
SMB Series A Bonds	“SMB 04-12”	“SMBFXBND2012”
SMB Series C Bonds	“SMB 04-19”	“SMBFXBND2019”

- 9.2.1.** In the “Unauthorized Trades” and “Authorized Trades” screens, the trade shall be identified by the instrument name.
- 9.2.2.** In the eDvP settlement reports, the trade shall be identified by the SIN.
- 9.3.** Regardless of the series name dealt in the Trading System, the Bonds shall be identified by the Security Identification Number in the PDTC eCS Depository System.
- 9.4. Pre-settlement.** Sold Bonds should be transferred to the PDTC Depository account of the selling Trading Participant on or before settlement date.
- 9.4.1.** A seller shall authorize the transfer of its Bonds from its Registry Account to the PDTC Depository Account of its Brokering Participant (or own Depository account if the seller is a Dealing Participant following applicable procedures as prescribed by the Registrar.
- 9.4.2.** For PDTC Registry issues: 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 Registry. Note PDTC’s 12 noon cut-off time for same-day processing of transfer requests.
- 9.5. Post-settlement.** Bought Bonds can be maintained at the PDTC Depository or transferred and registered under the buyer’s name at the PDTC Registry.

- 9.5.1.** 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 relevant depository participant.
- 9.5.2.** A buying Trading Participant can opt to:
- Transfer the bought Bonds to another Depository account (i.e, direct depository account of the investor or custodian) using the “Account Transfer” function of the eCS Depository System, or
 - Transfer the bought Bonds to the buyer’s Registry Account using the “Single Sided Account Transfer - Deliver Free of Payment” function (SSATF-DFP) in the eCS Depository System. For rush transfers, Trading Participant should call PDTC so the confirmation could be done immediately.
- Transfers are subject to PDTC Depository fees charged to the applicable PDTC Depository Participant.
- 9.5.3.** The target Registry Account should already be opened prior to the transfer following applicable procedures as prescribed by the Registrar.
- 9.5.4.** For PDTC Registry issues: 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.