

**Trading & Settlement Operating Guidelines
San Miguel Brewery Inc.
Five Year and One Day Fixed Rate Bonds due 2017**

1. **Coverage**
 - 1.1. These Trading and Settlement Operating Guidelines shall apply to trades on the **San Miguel Brewery Inc. (SMB or the “Issuer”) Five Year and One Day Fixed Rate Bonds due 2017 (“SMB 5-Year and 1 Day Bonds due 2017” or the “SMB Series D Bonds” or “Bonds”)** upon their listing on the Philippine Dealing & Exchange Corp. (PDEX).
 - 1.2. A PDEX Trading Participant 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 for the Fixed Income Securities Market, as Amended (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.
 - 2.1. **Payment Dates for the SMB Series D Bonds.** In accordance with the Terms and Conditions of the Bonds (p. 37 of the Prospectus):
 - 2.1.1. The Maturity Date for the Bonds is April 3, 2017.
 - 2.1.2. The 10th and final Interest Payment Date for the Bonds is April 2, 2017.
 - 2.2. The Bonds shall be set up in the Trading System based on the 10th Interest Payment date as the System Maturity Date. For avoidance of doubt, the setting up of the 10th Interest Payment Date as the System Maturity Date is done solely for the purpose of ensuring the accurate calculation of accrued interest and thereby the correct settlement value for each trade executed in the Trading System, and shall not affect the Maturity Date of the SMB Series D Bonds in accordance with the Terms and Conditions of the SMB Series D Bonds.
 - 2.3. The Trading System shall display an implied Yield to the 10th Interest payment 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 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.
 - 4.1. **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%.
 - 4.1.1. SMB Series D Bonds - **“SMB 03 APR 17”**



42. 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.
 - 42.1. SMB Series D Bonds - “SMB 03 APR 17-NWT”
43. The main series name “SMB 03 APR 17” provides a description of the following information regarding the Bonds:
 - 43.1. Issuer Symbol - **SMB**
 - 43.2. Maturity Date - **03 APR 17** (i.e., 03 April 2017)
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. **Record Date for the Bonds**
 - 7.1. The Record Date for the Bonds due is the second (2nd) business day prior to the relevant Interest Payment Date.
8. **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.
9. **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.