



MEMORANDUM

THE PHILIPPINE STOCK EXCHANGE, INC.

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| <input checked="" type="checkbox"/> Trading | <input type="checkbox"/> Public Advisory |
| <input type="checkbox"/> Disclosure | <input type="checkbox"/> Administrative/Technology Matters |
| <input type="checkbox"/> Listing | <input type="checkbox"/> Others: |

TO : THE INVESTING PUBLIC AND TRADING PARTICIPANTS

DATE : August 12, 2016


SUBJECT : INTERPRETATIVE GUIDELINES OF THE RULE ON MINIMUM COMMISSION RATES

Please be informed that the Exchange adopted the Interpretative Guidelines of the Rule on Minimum Commission Rates for purposes of providing guidance to Trading Participants on the proper computation of commission rates and standardizing the implementation of said rule.

Kindly see attached guidelines which shall have prospective application beginning Monday, September 12, 2016.

For your information and guidance.


ROEL A. REFRAN
 Chief Operating Officer
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Noted by:

HANS B. SICAT
 President & CEO

	<i>Pa. rcp</i>				
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INTERPRETATIVE GUIDELINES OF THE RULE ON MINIMUM COMMISSION RATES

These guidelines are being issued by the Exchange to provide a common understanding of the terms and proper computation of commission rates under the Rule on Minimum Commission Rates ("Rule").

For reference, the minimum commission rates for trade transactions covering equity and equity-related products shall be as follows:

TRANSACTION VALUE (P)	MINIMUM COMMISSION
₱100M AND BELOW	0.00250
>₱100M UP TO ₱500M	0.00150 BUT NOT LESS THAN ₱250K
>₱500M UP TO ₱1B	0.00125 BUT NOT LESS THAN ₱750K
>₱1B UP TO ₱5B	0.00100 BUT NOT LESS THAN ₱1.25M
>₱5B UP TO ₱10B	0.00075 BUT NOT LESS THAN ₱5M
>₱10B	0.00050 BUT NOT LESS THAN ₱7.5M

Please note that the above rates should be exclusive of the applicable value-added tax.

I. Computation of Minimum Commission Rate

The Trading Participant must apply either the percentage rate or the fixed peso rate, **whichever is higher**. The fixed peso rate is only intended to serve as the floor or minimum rate for a transaction bracket.

To illustrate:

1. A Trading Participant's transaction value is P500M. Applying the table, its minimum commission rate is 15 basis points, or ₱750K. Since this is higher than the floor of ₱250k, the Trading Participant is required to charge a minimum of ₱750K.
2. A Trading Participant's transaction value is ₱150M. Applying the same rate of 15 basis points will yield ₱225K. However, since this amount is lower than the floor of ₱250K, the Trading Participant is required to charge a minimum of ₱250K.

II. Broker to Broker Transaction

The Rule states that it does not apply to broker-to-broker transactions provided, that said transactions comply with the provisions of Presidential Decree No. 154. The term "broker" refers to an entity that is registered and licensed by the Securities and Exchange Commission as a broker under Philippine laws and is an active Trading Participant of The Philippine Stock Exchange, Inc.

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III. Total Aggregated Trades of a Client

Trading Participants may compute the applicable commission rate for a client based on the aggregated value of the transactions of the said client for the same security, for the same side and for the same day.

To illustrate:

1. A client initially bought P60M worth of ABC shares then subsequently bought another P50M worth of ABC shares on the same day. The commission rate may be based on the aggregate value of the two transactions, which is P110M.
2. A client initially bought P60M worth of ABC shares then subsequently sold P50M worth of ABC shares on the same day. The transactions cannot be aggregated because the orders are not for the same side.
3. A client initially bought P60M worth of ABC shares then subsequently bought P50M worth of DEF shares on the same day. The transactions cannot be aggregated because they involve different securities.
4. A client bought P60M worth of ABC shares on Monday and P50M worth of ABC shares on Tuesday. The transactions cannot be aggregated because they were executed on different days.

IV. Aggregated Value of Sub-accounts of a Specific Institutional Client

The trades of all sub-accounts of a specific institutional client may be aggregated for purposes of computing the applicable commission, provided that the transactions are for the same security for the same side for the same day, as indicated in Section III hereof, and provided further, that the order instruction to the Trading Participant came from the institutional client.

V. Agreement Between Trading Participant and Client

The Trading Participant shall ensure at all times that the Trading Participant and the concerned client are in agreement on the manner of computation of the commission rate that will be applied and that it does not in any way violate any of the provisions of this guideline. For this purpose, the Client's Agreement shall contain a stipulation on the manner of computation of the applicable commission rate.

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