



MEMORANDUM

T h e P h i l i p p i n e S t o c k E x c h a n g e , I n c .

- | | |
|---|--|
| <input type="checkbox"/> Trading Rules | <input type="checkbox"/> Computer Systems Update |
| <input type="checkbox"/> Membership Rules | <input type="checkbox"/> Administrative Matters |
| <input type="checkbox"/> Listing Rules | <input checked="" type="checkbox"/> Others: <u>Revised Trading Rules</u> |

To : THE INVESTING PUBLIC AND MARKET PARTICIPANTS


Subject : REVISED TRADING RULES

Date : June 8, 2010

Please be informed that in a letter dated June 1, 2010, the Securities and Exchange Commission (the "Commission") advised the Exchange that the Revised Trading Rules (the "Rules") were approved by the Commission. We attach as Annex "A" a copy of the June 1, 2010 letter from the Commission.

For the information and guidance of the investing public and market participants, we attach as Annex "B" a copy of the Rules signed by the authorized representatives of the Exchange and the Commission.

The Rules will take effect on the date of the launch of the New Trading System ("NTS") of the Exchange. For this purpose, the Exchange will make the appropriate announcement on the launch date of the NTS.



VAL ANTONIO B. SUAREZ
 Chief Operating Officer

Finance / CSD	Market Regulation Division	Issuer Regulation Division	ITD / MOD	Capital Markets Devt. Division	COO
Tel. No. 688-7560 / 688-7440	Tel. No. 688-7559	Tel. No. 688-7502 / 688-7512	Tel. No. 688-7480 / 819-4401	Tel. No. 688-7440	Tel. No. 688-7589

ANNEX "A"



Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, East Greenhills, Mandaluyong City

MARKET REGULATION DEPARTMENT

June 1, 2010

PHILIPPINE STOCK EXCHANGE INC.

PSE Center
Exchange Road
Pasig City
Fax: 634-5113

Attention: Mr. Val Antonio B. Suarez, COO

Gentlemen:

Attached are two (2) copies of the approved PSE Revised Trading Rules, bearing the signatures of PSE representatives and countersigned by the Director, Market Regulation Department, SEC.

- ✓ Please immediately post the Revised Trading Rules in your website.

We expect PSE's issuance of Guidelines covering Trading Threshold adjustment, Value Limit Orders, Order Modification, Cancellation of Orders, Trade Amendments, Cross Transactions, Block Sales, Freezing of Security, Trading Suspension, Lifting of Static Threshold and other related matters.

Very truly yours,

JOSE P. AQUINO
Director

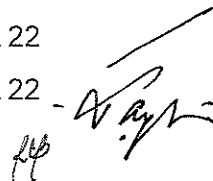
REVISED TRADING RULES

REVISED TRADING RULES

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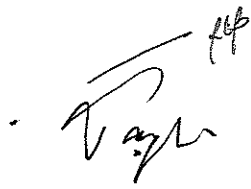
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A handwritten signature in cursive script, appearing to read "Hallway".A small, dark, circular handwritten mark or stamp.A handwritten signature in cursive script, appearing to read "Taylor", with the initials "HJ" written above it.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1. Definition of Terms

As used in these Revised Trading Rules (the "Rules"), and unless the context otherwise requires:

"Adjusted Closing Price" or "ACP" shall mean the Closing Price of a Security with adjustments due to corporate events.

"Associated Person" based on the Securities Regulation Code (SRC) Section 3.5 and as applied under these Rules, shall mean an employee of a broker or dealer, who directly exercises control of supervisory authority, but does not include a Salesman, or an agent or a person whose functions are solely clerical or ministerial.

"Assigning Trading Participant" shall mean a Trading Participant that assigns an Order to a Settling Trading Participant for clearing and settlement in a Give-up/Take-up Transaction.

"Best Bid and Offer" or "BBO" shall mean the highest buying price and the lowest selling price.

"Best Price" shall mean the best available price for a Security.

"Bid" shall mean the price offered by an interested investor who is willing to buy.

"Block Sale" shall mean a pre-arranged transaction which is executed through the facilities of the Exchange and compliant with the requirements of the Implementing Guidelines of these Rules as approved by the Commission;

"Block Sale Market" shall mean the market where all pre-arranged transactions meeting the requirements set by the Exchange are executed.

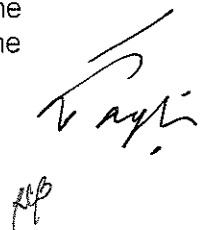
"Board Lot" shall mean the standardized number of shares set by the Exchange based on a given price range for a Security.

"Ceiling" or "Ceiling Price" shall mean the upper threshold set by the Exchange for any Order for said Security in a Trading Day.

"Clearing" shall mean the process of determining the accountability and creating obligations for the Exchange of the Security element and the cash element between parties to a transaction.

"Clearing Agency" shall mean an entity duly registered in accordance with the SRC and SRC implementing rules and guidelines and designated by the Exchange to perform Clearing functions.

"Closing Price" shall mean the price determined during the Pre-Close Period.



“**Cross Transaction**” shall mean a transaction where the same Broker executes buying and selling Orders of different clients or its proprietary account for different beneficial Owners for the same Security and at the same price and quantity.

“**Dealer**” based on the SRC Section 3.4 and as applied under these Rules, shall mean any person who buys and sells Securities for his/her proprietary account in the ordinary course of business.

“**Designated Specialist**” shall mean the appointed licensed Salesman employed by the designated Market Maker to perform Market Making obligations.

“**Dynamic Threshold**” shall mean the permitted difference in price between two Last Traded Price updates for a given Security.

“**Eligible Security**” shall mean listed Securities that are eligible for Short Selling in accordance with the following standards: (1) market capitalization; and (2) tradability, pursuant to the Implementing Guidelines on Short Selling.

“**Exchange**” or “**PSE**” shall mean The Philippine Stock Exchange, Inc.

“**Floor**” or “**Floor Price**” shall mean the lower threshold set by the Exchange for any Order for a Security in a Trading Day.

“**Force Majeure**” shall mean those events which could not be foreseen, or which, though foreseen, were inevitable, and shall include acts of God, war (declared or undeclared), hostilities, rebellion, insurrections, any act of any government, any instrumentality or agency thereof, any act of terrorism, or any act or cause which is reasonably beyond the control of such party.

“**Give-up/Take-up Transaction**” shall mean an arrangement where a Trading Participant, upon Order entry and on behalf of its client, assigns an Order to another Trading Participant for clearing and settlement purposes.

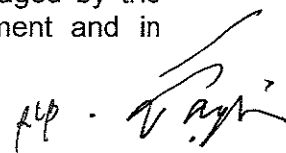
“**Intervention-Before-Opening/Closing**” shall mean the latter phase of the Market Pre-Open/Pre-Close period where Order modification or cancellation is not allowed.

“**Last Traded Price**” or “**LTP**” shall mean the price when the Security was last traded.

“**Market Close**” shall mean the end of a Trading Day.

“**Market Halt**” shall mean a temporary stoppage of trading in the entire market on any given Trading Day.

“**Market Maker**” shall refer to a Trading Participant primarily engaged by the issuer to provide liquidity to a Security, pursuant to an agreement and in accordance with the requirements of the Exchange.



"Market Open/Continuous Trading" shall mean the period in a Trading Day when matching of Orders at the Best Price takes place.

"Market Pressure" shall apply either to the buy or sell side of a Security's order book, depending on the side that registers the higher volume or quantity, which is considered in determining the Opening or Closing Price.

"MOD" shall mean the PSE's Market Operations Division or its equivalent.

"MRD" shall mean the PSE's Market Regulation Division or its equivalent.

"Nominee" or **"Authorized Representative"** shall mean the individual duly authorized by a Trading Participant to exercise and carry out, for and on its behalf, all its rights and obligations in the operation of, or in connection with, the ownership of its trading right pursuant to the Exchange By-laws and applicable rules.

"Normal Market" shall mean the market where Orders in Board Lots are traded.

"Odd Lot" shall mean an Order with volume or quantity less than the defined Board Lot.

"Odd Lot Market" shall mean the market where Orders with volumes or quantities less than the defined Board Lot are traded.

"Offer" or **"Ask"** shall mean the price offered by an owner willing to sell a Security.

"Opening Price" shall mean the price determined during the Pre-Open Period.

"Order" shall mean a buy or sell instruction entered into the Trading System.

"PAM (Poste D'Access Aux Marche)" shall mean the order and trade management tool provided by the Exchange used by the Trading Participants for executing trades and accessing market data.

"Pre-Close Period" shall mean the period prior to the Run-Off/Trading-at-Last when Orders accepted and queued are considered in the determination of the Closing Price. Orders during this period will not be traded until the market transitions to Run-Off/Trading-at-Last.

"Pre-Open Period" shall mean the period prior to the Market Open/Continuous Trading when Orders accepted and queued are considered in the determination of the Opening Price. Orders during this period will not trade until the market opens.

"Price Fluctuation" or **"Tick Size"** shall mean the allowed price step based on a given price range for a Security.

"Rule" or **"Rules"** unless otherwise indicated, shall mean the Revised Trading Rules and its Implementing Guidelines.



"Run-Off Period/Trading-at-Last Period" shall mean the period after the Pre-Close when Orders are accepted and executed only at the Closing Price.

"Salesman/Trader" shall mean a natural person, who is (a) registered with the Commission as a Salesman, (b) authorized by the Exchange to have access to the Trading System, and (c) authorized to execute Orders for and on behalf of a Trading Participant and its clients.

"SEC" or **"Commission"** shall refer to the Securities and Exchange Commission.

"Security" or **"Securities"** shall mean shares, and any other investment products, including derivatives, that are listed and traded in the Exchange.

"Settling Trading Participant" shall mean a Trading Participant accepting an Order from an Assigning Trading Participant for clearing and settlement in a Give-up/Take-up Transaction.

"Short Sale", "Short Sell" or "Short Selling" as defined in SRC Rule 24.2-2 and as applied under these Rules, shall mean any sale of a Security which the seller does not own at the time of the sale, or any sale which is consummated by the delivery of a Security, borrowed by, or for the account of, the seller.

"SRC" or **"Code"** shall mean Republic Act No. 8799, otherwise known as the Securities Regulation Code.

"Static Threshold", which is equivalent to the trading band, shall mean the lower and upper price limits (*i.e.*, ceiling and floor prices) of Securities for a given Trading Day.

"Trading Day" shall mean any day when the Exchange is open for trading as provided in these Rules.

"Trading Floors(s)" shall mean the Exchange premises where trading of Securities is conducted.

"Trading Halt" shall mean a temporary stoppage in the trading of a Security not lasting longer than one (1) Trading Day.

"Trading Participant" shall mean an entity authorized by the Exchange to own and operate a trading right, pursuant to the Exchange By-laws and applicable rules.

"Trading System" shall mean the Exchange's electronic trading platform.

"Trading Threshold" shall mean the allowable price range for any Security as may be determined by the Exchange from time to time.

"Trainee" shall refer to a person under training by a particular Trading Participant for a one-time, non-extendible period of six (6) months.



“**Transaction**” or “**Trade**” shall mean a valid, binding and enforceable contract for the purchase or sale of Securities.

SECTION 2. Interpretation of Rules

a. Legal Terminologies

Legal words or phrases with established statutory or jurisprudential meanings which are not otherwise expressly defined in these Rules shall be used in accordance with such meanings.

b. Technical Meanings

Words or abbreviations, which have well-known technical or trade meanings and are not expressly defined in these Rules, shall be used in accordance with such recognized meaning.

c. Persuasive Authority

Widely-accepted and established terminologies and practices in other jurisdictions where the Trading System has been in operation shall have persuasive effect in the resolution of any questions arising from these trading Rules.

d. Titles and Subtitles

Titles of the articles, sections, subsections, paragraphs, and subparagraphs are placed herein for convenient reference only and shall not, to any extent, have the effect of modifying, amending, or changing the express terms and provisions of these Rules.

e. Words and Gender or Number

Unless the context clearly indicates the contrary, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

f. Interpretation

Unless expressly provided herein to the contrary, all questions concerning the interpretation or application of or any other matter in connection with the Revised Trading Rules (including, without limitation, any Order, direction or note issued by the Exchange) shall be determined by the Exchange. Such determination by the Exchange shall be final and binding on all parties concerned.

SECTION 3. Implementing Guidelines

The Exchange may issue Guidelines and amendments thereto to implement these Rules. Any revisions to the SRC or its implementing rules and regulations shall be deemed adopted herein and applied in a supplementary manner.



ARTICLE II
TRADING DAY SCHEDULE

SECTION 1. Trading Day and Non-Trading Day

Every day shall be a Trading Day except for Saturdays, Sundays, legal holidays, special holidays, days when the *Bangko Sentral ng Pilipinas* (BSP) is closed, and such other days as may otherwise be declared by the SEC or the Exchange, through its President or other duly authorized representative, to be a non-Trading Day.

SECTION 2. Trading Hours

The Exchange shall determine the hours and schedule of a Trading Day. Unless the Exchange decides otherwise, a Trading Day shall conform to the following schedule:

For half-day trading:

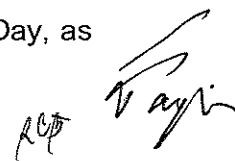
8:45 a.m.	-	National Anthem
9:00 a.m.	-	Pre-Open
9:30 a.m.	-	Market Open
11:57 a.m.	-	Pre-Close
12:00 p.m.	-	Run-off/ Trading at Last
12:10 p.m.	-	Market Close

For whole day trading:

8:45 a.m.	-	National Anthem
9:00 a.m.	-	Pre-Open
9:30 a.m.	-	Market Open
12:00 p.m.	-	Market Recess
2:00 p.m.	-	Market Resumes
3:45 p.m.	-	Pre-Close
3:50 p.m.	-	Run-off/ Trading-at-Last
4:00 p.m.	-	Market Close

The Exchange may effect changes to the hours and schedule of a Trading Day, as the circumstance warrants.





ARTICLE III
TRADING FLOOR

SECTION 1. Business Hours

Unless the Exchange decides otherwise, the Trading Floor(s) shall be open from 8:00 a.m. to 5:00 p.m. on a Trading Day.

SECTION 2. Trading Booth

The Exchange shall provide and make available to all the Trading Participants a trading booth in the Trading Floor(s).

The Exchange reserves the right to operate an electronic trading environment without a Trading Floor.

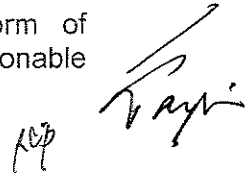
SECTION 3. Terminals and Equipment in the Trading Booth

Every Trading Participant and its Salesmen/Traders and other Trading Floor personnel shall ensure that: (a) computer terminals and equipment installed in the trading booths conform with the standards as set by the Exchange, and (b) only duly authorized personnel of the Trading Participant have access thereto. The Trading Participant is obligated to immediately report to the Exchange any damage caused to the computer terminal or any other property of the Exchange. The Trading Participant shall, immediately upon receipt of notice from the Exchange, reimburse the Exchange for the costs of repairing or replacing the damaged computer terminal or property, as determined by the Exchange, and shall fully indemnify the Exchange against any losses, damages, or expenses that may be incurred in connection therewith.

SECTION 4. Admission to the Trading Floor

Unless the Exchange authorizes otherwise, only the following persons shall be allowed access to the Trading Floor when open as provided in Section 1 of this Article:

- a. Salesmen/Traders;
- b. Dealers;
- c. Trading Floor assistants;
- d. Nominees; and
- e. Trainees for a one-time, non-extendible period of six (6) months and subject to the provisions of SRC Rule 28.1 (4) (A) and the following conditions:
 - i. A Salesman/Trader shall at all times supervise the Trainees;
 - ii. The Trainees shall not solicit clients or deal directly with clients;
 - iii. The Trading Participant shall not pay the Trainees any form of commission, salary or other compensation, except for reasonable allowance; and



- iv. The Trading Participant shall immediately inform in writing the Exchange of the hiring of such Trainees and shall comply with all orders or regulations of the Exchange in relation to such hiring.

SECTION 5. Conduct in the Trading Floor

The following offenses are deemed to be detrimental to the interest of the Exchange and are strictly prohibited in the Trading Floor:

- a. bringing in food/drinks;
- b. horse-playing;
- c. bringing in animals;
- d. non-compliance with the dress code as provided in these Rules;
- e. bringing in liquor;
- f. being under the influence of liquor/drugs;
- g. bringing in firecrackers, inflammable materials, and other pyrotechnics;
- h. bringing in guns and other deadly weapons;
- i. destroying and/or vandalizing Exchange properties;
- j. disrespect to the flag, any member of the Board of Directors, Nominees of the Trading Participants or Exchange officers;
- k. engaging in disruptive behavior;
- l. immoral conduct or indecent acts, including sexual harassment;
- m. stealing;
- n. gambling;
- o. smoking;
- p. repetitive minor offenses; and
- q. answering calls when the national anthem is being played.

Any personnel violating any of the above-mentioned acts shall be subject to the penalties imposed by the Exchange for such acts.

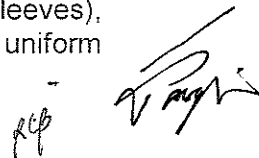
Any Trading Participant or its duly authorized representative has the duty to exercise due care in operating and using all equipment found at the Trading Participant's booth inside the Trading Floor. The Exchange may impose a disciplinary sanction, provided it is reasonable and appropriate under the circumstances, if it is proven that the Trading Participant concerned or any of its authorized representatives caused the damage intentionally.

Acts deemed to be detrimental to the interests of the Exchange are not limited by the foregoing enumeration. The Exchange reserves the right to take action for other acts or omissions not stated above and impose penalties on the offender as may be appropriate under the circumstances.

SECTION 6. Dress Code/Hairstyle

Only acceptable business attire such as suits, blazer, barong (long or short sleeves), plain long-sleeved and short-sleeved shirt with tie, or Exchange-designated uniform shall be allowed in the Trading Floor.





Wearing of sandals, shorts, sneakers, jeans, denims, shoes without socks for men, athletic jacket, t-shirts, plunging necklines, micro-mini skirts and other improper attire not suitable during business hours are not allowed in the Trading Floor.

Male and female personnel with untidy hair or outlandish dyed colored hair shall not be allowed entry in the Trading Floor.

Trading Participants' Nominees are exempted from wearing the Exchange-designated uniform. However, the Nominees will be required to observe the above-mentioned acceptable business attire.

SECTION 7. Identification Accounts/Cards/Passes

All Trading Participants must use valid PSE Identification Accounts/Cards/Passes (IDs). A valid ID is one which has been issued officially by the PSE to personnel connected with the Trading Participant.

Issuance of PAM Account IDs

The Exchange will only grant terminal account IDs to Trading Participants and their Traders with valid licenses issued by the SEC and who have been duly certified by PSE to use the PAM.

Issuance of color-coded PSE IDs

The following PSE IDs/passes shall be observed:

- a. For Salesmen/Traders and Dealers, ID color is Blue;
- b. For Trading Floor assistants, ID color is Yellow;
- c. For Trainees, ID color is Green; and
- d. For guests, ID/Pass color is Black.

IDs for new floor personnel

A Trading Participant who hires new Trading Floor personnel must apply to the Exchange for the immediate issuance of a new PSE ID/pass to the employee prior to his assignment to the Trading Floor.

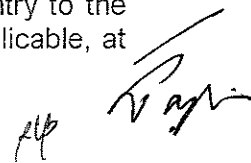
Unauthorized Use of ID Issued by the Exchange

Any person not connected with any Trading Participant but who gains access to the Trading Floor or to the Exchange Trading System by using the PSE ID issued to him under the name of his previous employer shall be banned permanently from the Exchange.

Entry of Guests/Trainees to the Trading Floor

A Nominee may request for PSE ID/pass for purposes of allowing entry to the Trading Floor by submitting a letter-request to the MOD, whenever applicable, at least one (1) day prior to the actual date of entry to the Trading Floor.





ARTICLE IV

GENERAL TRADING OPERATIONS

SECTION 1. Trading limited to Securities listed with the Exchange

A Trading Participant can only trade or otherwise deal with listed Securities and whose shares are lodged with a duly-licensed depository.

SECTION 2. Responsibility of a Trading Participant on all Orders

- a. A Trading Participant shall be solely and fully liable and shall indemnify and hold free and harmless the Exchange and the Clearing Agency for any and all liabilities, claims, or damages arising out of, or in connection with, any and all Orders entered into the Trading System through onsite, offsite, broker/third-party owned Order routing system, direct market access, or any other system.
- b. The Trading Participant, upon entering an Order, warrants to the Exchange and the Clearing Agency that the Order is valid, binding, and enforceable and that the necessary authorizations and approvals have been secured.
- c. Each Trader is given a respective log-in account. The Trader shall be held liable for all obligations or transactions arising from such account.
- d. The Trading System will earmark all valid foreign buying Orders which will limit the available volume for succeeding foreign buying Orders within the applicable foreign ownership limits. A Trading Participant shall be subject to the appropriate penal sanctions for posting any foreign buying Order for the malicious purpose of limiting the available volume for foreign buyers.

SECTION 3. Order Ticket Rule

A Trading Participant or any other Associated Person or Salesman/Trader of a Trading Participant shall comply with the applicable provisions of the Order Ticket Rule under SRC Rule 52.1(7).

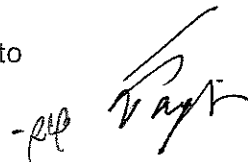
Each buying or selling Order received from customers by a Trading Participant or any other Associated Person or Salesman/Trader of a Trading Participant shall be recorded with a time stamp in any manner which may be electronic or otherwise, by the Trading Participant or any other Associated Person or Salesman/Trader of a Trading Participant or any person acting on his behalf, upon receipt of the customer's Order and upon transmission to the Trading Floor, if necessary.

Time recording of subsequent action on an Order, whether for amendment, cancellation or actual matching thereof, shall be captured by the Trading System of the Exchange.

SECTION 4. Aggregation of Client Orders

- a. Trading Participants shall maintain an account code that exclusively caters to aggregated Orders;





- b. Trading Participants shall ensure compliance with the System Order Ticket Rule and Best Execution Rule when aggregating an Order of a client with an Order for another client;
- c. Salesmen/Traders shall not aggregate the Order of a client with their proprietary account;
- d. A foreign aggregated Order can be unbundled into a foreign, local and/or error account;
- e. A local aggregated Order can only be distributed to local clients and/or error account;
- f. In cases where client Orders have been aggregated but the matched trade transaction does not fully satisfy the total Orders, the matched Orders shall be allocated by the Trading Participant among the different underlying Orders in a fair and reasonable manner, consistent with the best interest of all their clients. Clients whose Orders are aggregated shall be made aware of the allocation procedures;
- g. Distribution of matched aggregated Orders shall be done during the period prescribed by the Exchange;
- h. The Trading Participant warrants to the Exchange and Clearing Agency that all aggregated Orders are duly authorized and approved by their clients.

SECTION 5. Short Selling

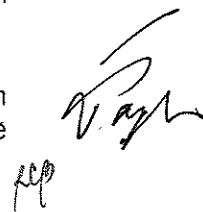
5.1 General Provisions

These Rules set out the requirements for the conduct of Short Selling in the Exchange.

- a. Only Eligible Securities may be short-sold by the Trading Participants, whether for principal or client account transactions.
- b. The Exchange shall regularly publish the list of Eligible Securities for the information and guidance of the investing public.
- c. If a Short Sale transaction will be settled by the delivery of borrowed Securities, then the securities borrowing and lending transaction should comply with the applicable rules of the Exchange and the SEC.

5.2 Trading

- a. The applicable rules of the Exchange shall apply to Short Sale transactions in the same manner as they apply to normal sale transactions.
- b. *Up Tick Rule.* Pursuant to the provisions of SRC Rule 24.2-2, paragraph 3 on "Execution of Short Sale", no Trading Participant shall use the facility of the

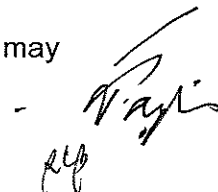
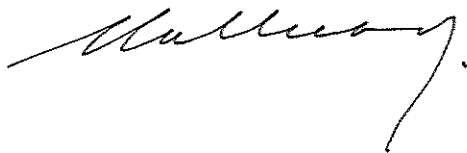


Exchange to effect a Short Sale of any Eligible Security unless the transaction is:

- i. at a price higher than the last sale price; or
 - ii. at the price of the last sale, only if that price is above the next preceding different sale price on such day.
- c. A Short Selling Order is valid only for one (1) Trading Day. Short Selling transactions are not allowed during the Pre-Open and Pre-Close Periods.
- d. *Naked Short Selling.* A Trading Participant shall not place a Short Sale Order for Eligible Securities, whether it is a principal or client Order, without: borrowing the Eligible Securities before the Short Sale' or entering into a prior securities borrowing and lending agreement to ensure that the Eligible Securities are available for delivery on settlement date, or having an exercisable and unconditional right to vest the Eligible Securities on the purchaser on settlement date.
- e. The Trading Participant, upon receiving an Order to Short Sell or when Short Selling for its own account, must identify its Order as a Short Selling transaction in the automated Trading System of the Exchange upon Order entry.
- f. Trading Participants shall comply with their obligations under SRC Rule 24.2-2 on "Short Sales", paragraph 5 on "Mandatory Close-Out".

5.3 Prohibitions and Penalties

- a. No director, officer or principal stockholder of a corporation shall make a Short Sale in Securities of the corporation in which he is a director, officer or principal stockholder.
- b. The Exchange may restrict or prohibit Short Selling indefinitely or for such period as it may deem necessary or advisable for the protection of investors and to maintain and ensure a fair and orderly market, with due notice to the Commission.
- c. The Exchange reserves the right, at its discretion, and as it may deem necessary in the public interest or advisable for the protection of investors, to perform any or all of the following:
 - i. to suspend the Short Selling of a particular Eligible Security, provided that the participants are duly notified thereof;
 - ii. to remove a particular Security from the list of Eligible Securities;
 - iii. to impose limits on the number of shares of Eligible Securities which may be sold short;



- iv. to require a Short Selling Trading Participant to cease Short Selling, whether temporarily or permanently, and either generally or in relation to Eligible Securities, provided that the participants are duly notified thereof;
- v. to require a Short Selling Trading Participant to liquidate open sold short positions held on his or its own account or for the account of his or its clients either generally or in relation to Eligible Securities;
- vi. to require a Trading Participant to disclose to the Exchange and the SEC the number of shares of Eligible Securities in which the Trading Participant holds an open sold short position, or the value of borrowed Securities sold short, either on his or its own account or for the account of his or its clients; and
- vii. to impose other limitations as may be required by the PSE for the maintenance of a fair and orderly market and for the protection of the investing public.

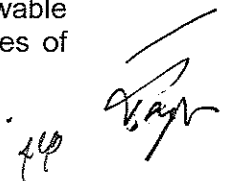
SECTION 6. Reference Price

The Reference Price shall be:

- a. the previous Trading Day's Closing Price;
- b. the Adjusted Closing Price (ACP) in the event of corporate actions that would result to an adjustment of the Closing Price; or
- c. the Last Traded Price or the last ACP in cases where there is no trading activity for the Security in the immediately preceding Trading Day.

SECTION 7. Trading Threshold

- a. The price for an Order shall be within the Trading Threshold for the Trading Day. Under these Rules, the Trading Threshold refers to the Static and Dynamic Thresholds.
- b. The upper Static Threshold shall be fifty percent (50%) above the Reference Price while the lower Static Threshold shall be fifty percent (50%) below the Reference Price.
- c. The above provision shall not apply to warrants.
- d. Dynamic Threshold shall be determined according to the price range and historical performance of the Security.
- e. The Exchange has the authority to adjust the Trading Threshold for a Security, provided the Order that breached the Trading Threshold falls within the allowable price percentage difference as provided under the Implementing Guidelines of these Rules.



SECTION 8. Board Lot and Price Fluctuation

The Board Lot and Price Fluctuation of a Security for any Trading Day shall be based on the Security's Reference Price.

The minimum Price Fluctuation and Board Lot for Securities listed in the Exchange are the following:

Price		Tick Size	Lot Size
From	To		
0.0001	0.0099	0.0001	1,000,000
0.0100	0.0490	0.0010	100,000
0.0500	0.2490	0.0010	10,000
0.2500	0.4950	0.0050	10,000
0.5000	4.9900	0.0100	1,000
5.0000	9.9900	0.0100	100
10.0000	19.9800	0.0200	100
20.0000	49.9500	0.0500	100
50.0000	99.9500	0.0500	10
100.0000	199.9000	0.1000	10
200.0000	499.8000	0.2000	10
500.0000	999.5000	0.5000	10
1000.0000	1999.0000	1.0000	5
2000.0000	4998.0000	2.0000	5
5000.0000	UP	5.0000	5

SECTION 9. Types of Orders, Execution Conditions and Trading Functions

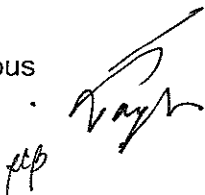
The following are the types of Order that may be accepted by the Trading System:

- a. A Limit Order is:
- i. an Order entered from Pre-Open to Trading-at-Last Period, with a specified limit price within the Security's Static Threshold;
 - ii. an Order that can be executed either at the entered limit price or better.

Any remaining unexecuted portion of a Limit Order will be added and queued in the Order book.

- b. A Market Order is:
- i. an Order entered without a specified price and can be executed either at the BBO or the LTP, whichever is better;
 - ii. an Order that can be entered from Pre-Open to Market Open/Continuous Trading Period.





Any remaining unexecuted portion of a Market Order will be added and queued in the Order book for immediate execution.

- c. A Market-to-Limit Order is an Order entered only during Market Open/Continuous Trading Phase, for immediate execution at the best possible price between the BBO and the LTP.

Any remaining unexecuted portion of a Market-to-Limit Order will be automatically transformed into a Limit Order at the executed price and queued in the Order book.

If there is no counterpart Order upon Order entry, the Market-to-Limit Order will be eliminated.

- d. A Stop Order is an Order, which stays inactive and is not released to the market until a trade occurs at the Order's trigger price or better. The trigger price of a Stop Order should always be better than the LTP, which means that for a buy (sell) Stop Order, the trigger price should be higher (lower) than the LTP.

i. Stop Limit Order

- a. A buy (sell) Stop Limit Order specifies two prices. The first price is the trigger price while the second is the limit price, which must be equal to or greater (less) than the trigger price.

- b. When a trade occurs at the trigger or better price, the Stop Limit Order is then released to the market as a Limit Order at the specified limit price.

- ii. Stop Loss Order is an Order that specifies only the trigger price. When the Stop Loss Order is triggered, it is immediately treated as a Market Order.

- e. A Market-on-Opening/Closing Order is an Order entered during the Pre-Open/Pre-Close Period and is only executable at the indicative Opening/Closing Price.

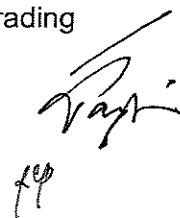
If unmatched or partially matched at the end of Pre-Open/Pre-Close Period, the Order or its remaining unexecuted portion becomes a Limit Order at the indicative Opening/Closing Price.

- f. A Cross Order refers to buying and selling Orders of the same Trading Participant that are simultaneously executed at the agreed quantity and price within the BBO.

The following are the types of Order validity that may be accepted by the Trading System:

- a. A Day Order remains valid until the end of the Trading Day.





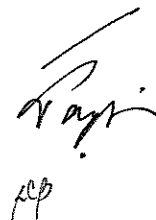
- b. A Good Till Cancelled (GTC) Order remains valid until cancelled or until it reaches the set expiration date of the Security.
- c. A Good Till Date (GTD) Order remains valid until the date specified.
- d. A Good Till Week (GTW) Order remains valid for seven (7) calendar days from the time it is posted.
- e. A Sliding Validity Order remains valid for one (1) calendar year.
- f. A Fill-and-Kill (FAK) Order:
 - i. If entered during the Pre-Open/Pre-Close, shall be executed to the fullest extent possible at the end of Pre-Open/Pre-Close, with any remaining portion being eliminated; or
 - ii. If entered during the Market Open/Continuous Trading or Trading-At-Last/Run-Off, shall be executed immediately upon Order entry, with any remaining portion being eliminated.

The following volume qualifiers to the Order types are accepted by the Trading System:

- a. A Minimum-quantity Order, which shall only apply to Limit or Market-to-Limit Order, and is:
 - i. an Order which must be executed immediately to the extent of a specified minimum quantity, with any remaining unexecuted portion being added to the Order book;
 - ii. an Order that is eliminated failing immediate execution of the specified minimum quantity.
- b. An Iceberg Order shall only apply to a Limit or Stop Limit Order, and is:
 - i. also referred to as "disclosed quantity" or "quantity shown" in the Trading System;
 - ii. an Order successively entered in the Order book, and disclosed to the market at specified tranches;
 - iii. an Order with disclosed quantity not less than 10% of the total quantity of the Order and must be multiples of the Board Lot.

SECTION 10. Opening or Closing Price Calculation

The Trading System shall compute the Opening Price of a Security for a Trading Day based on its Reference Price and Orders posted during the Pre-Open Period. The computation shall include a determination of all prices which have possible matching,


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and the volumes that could be matched at each of the prices. The Opening Price shall be subject to the following qualifications:

- a. If the price offers the maximum number of shares that could be matched, that price shall be the Opening Price;
- b. If there is more than one Opening Price that has the same volume that could be matched, the price which has the least quantity unfilled or unmatched shall be the Opening Price;
- c. If there is more than one Opening Price that could satisfy the criteria set in (b) above, the price from the buy side (highest bid) or the price from the sell side (lowest offer), depending on where the Market Pressure is, shall be the Opening Price;
- d. If there is more than one Opening Price that could satisfy the criteria set in (c) above, the price that is nearest to the Reference Price shall be the Opening Price;
- e. If there is more than one Opening Price that could satisfy the criteria set in (d) above, the Reference Price shall be the Opening Price.

The same algorithm shall apply for Closing Price calculation with the LTP as the Reference Price.

SECTION 11. Matching of Orders

Except for Block Sales, the Trading System shall match Orders at the Best Price.

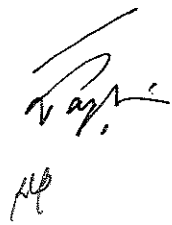
SECTION 12. Value Limit of Orders

- a. The Exchange has the authority to require Trading Participants to comply with value limits on trade transactions through the Implementing Guidelines of these Rules.
- b. A Trading Participant may set its own value limit per Order for each of its Traders. However, the value limit set by the Trading Participant for each of its Traders shall not exceed the value limits required by the Exchange. Any proposed deviation from the value limits set by the Exchange shall be effective only after the same has been approved by the Exchange.

SECTION 13. Order Modification

- a. Modification of Orders shall be prohibited within a specific phase during Market Pre-Open and Pre-Close Period in accordance with the Implementing Guidelines of these Rules.
- b. A posted and unmatched Order may be modified without losing its priority in the Order queue if it involves any or a combination of the following:
 - i. a decrease in its volume;





- ii. a modification of validity type; or
 - iii. a modification of client account code.
- c. A modified Order loses its priority when it involves any or a combination of the following:
- i. an increase in its volume;
 - ii. a modification of the limit price entered; or
 - iii. a modification of the trigger price entered.
- d. No unmatched Order modification is allowed from client to proprietary or vice versa.

SECTION 14. Cancellations of Orders

- a. Cancellation of Orders shall be prohibited within a specific phase during Market Pre-Open and Pre-Close Period in accordance with the Implementing Guidelines of these Rules.
- b. Cancellation of any remaining unexecuted portion of a partially matched Order is allowed.
- c. The Exchange shall cancel the following Orders which are deemed invalid:
- i. Orders for a certain Security in the event of corporate actions resulting to an adjustment in the Closing Price;
 - ii. Orders on the ex-date for Securities with cash and/or property dividends; or
 - iii. Orders for Securities that cross a Board Lot.
- d. The Trading Participant can only direct the Exchange to execute a cancellation of all the Orders already posted when there occurs a system failure or interruption on the PSE-certified Front-End Order Management System of the Trading Participant or Common Customer Gateway (CCG) of the Exchange.

SECTION 15. Trade Amendments

Consistent with the policy in these Rules on foreign ownership limitations, market making, strict client account code and the requirement for separate traders to handle proprietary and client account, the allowable amendments on trades and the period for amendments shall be prescribed by the Exchange in the Implementing Guidelines of these Rules.

The following restrictions, among others, on trade amendments shall apply:



- a. Any local client account can only be changed to an error account or another local client account;
- b. Any foreign client account can only be changed to an error account or another foreign client account;
- c. Client account can only be changed to another client account.

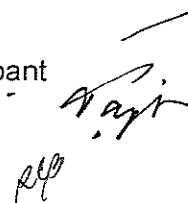
SECTION 16. Cancellation of Trades

The Exchange cannot cancel matched Orders or Trades except in the following instances:

- a. Mistake on the part of the Trading Participant involved in the trading transaction, where such mistake is alleged or declared to have been committed. The mistake must be evident and material. The Exchange may cancel the matched trades only after confirmation by the parties concerned of the incidence of the mistake, without prejudice to the imposition of appropriate penalties on the erring Trading Participant.
- b. Computer or system error. The Exchange may cancel the matched trades only upon confirmation by the relevant division of the Exchange of the occurrence of computer or system error.
- c. Upon resolution by the Board of Directors of the Exchange that cancellation of the matched Orders is necessary to maintain a fair and orderly market to protect the investing public and preserve the integrity, stability, and sanctity of transactions executed through the Exchange; provided, however, that the cancellation of the matched Orders was favorably recommended by the President or any duly authorized officer of the Exchange; provided, finally, that the Exchange notifies the SEC of the resolution at least three (3) Trading Days before the actual cancellation.

SECTION 17. Odd Lot Market

- a. Odd Lot Orders are Orders with quantity less than the defined Board Lot and are executed in the Odd Lot Market.
- b. The Odd Lot Market shall only be opened during the Market Open/Continuous Trading Period.
- c. A partial matching of Odd Lot Orders is allowed.
- d. A freezing and reservation of a Security in the Normal Market does not affect the Odd Lot Market.
- e. The Exchange shall impose the appropriate penalty on a Trading Participant found to have committed any form of violation or abuse of Odd Lot Orders.



SECTION 18. Trading during Run-Off/Trading-at-Last Period

All Orders during the Run-Off/Trading-at-Last Period are executed only at the Closing Price. In cases where prices of posted Orders in the Order book are better than the Closing Price, no Orders will be accepted by the Trading System.

SECTION 19. Identification of Accounts and Orders through the Use of Code, Symbol or Account Number

A Trading Participant shall identify all its Orders by entering the corresponding trading account code of the (a) client or (b) proprietary account, as provided by the Exchange for proper Order management.

The Trading Participant and the client shall execute a client account information form or similar agreement containing, among others, the terms and conditions on the use of the trading account code, as follows:

- a. The client knows and consents to the use of the trading account code to identify the client's Orders; and
- b. The client unconditionally authorizes the Trading Participant to disclose the client's identity and transactions to the Exchange, the Clearing Agency and/or the Commission as may be requested by such entities.

SECTION 20. Error Transactions

- a. All Trading Participants shall maintain a designated account for error transactions. For Trading Participants with broker-dealer license, their proprietary account may be used as the designated account for error transactions.
- b. All error transactions shall be properly identified and duly reflected in the Trading Participant's designated account for error transactions no later than two (2) Trading Days from the date of transaction.
- c. Any position in the error account shall be liquidated no later than one (1) month from the date of the relevant transaction.

SECTION 21. Give-up/Take-up Transactions

- a. A Trading Participant, on behalf of its client, may assign an outstanding Order to another Trading Participant for clearing and settlement. The assignor is referred to as the "Assigning Trading Participant" and the assignee is referred to as the "Settling Trading Participant".
- b. The Assigning Trading Participant shall ensure that all information provided are complete and accurate.
- c. All liabilities arising from Give-up/Take-up Transactions shall be assumed by the Settling Trading Participant pursuant to an agreement between the Trading Participants. However, the Assigning Trading Participant remains solidarily liable





and responsible for all resulting liabilities, damages, costs or causes of action arising out of, or in connection with, the Give-up/Take-up Transaction.

- d. Orders pertaining to Proprietary Accounts are not allowed to be executed through another Trading Participant and cannot be the subject of Give-up/Take-up Transactions.

SECTION 22. Separate Traders for Proprietary, Client and Market Maker Accounts

- a. Traders handling Client Accounts of a Trading Participant shall be separate from the Traders handling proprietary accounts; provided that proper segregation of broker and dealer functions or Chinese walls should be maintained, in accordance with the SRC Rule 34.1-2(A).
- b. The Trader designated to handle proprietary account may also handle a Market Maker account.
- c. Every Trading Participant shall designate a default Trader and relief Trader for proprietary, Market Maker, and client accounts. Trading Participants are given a transition period of six (6) months from the effectivity of these Rules to comply with the foregoing requirement.
- d. In cases of an emergency where there is an absence of a default or relief Trader for client accounts, the Trading Participant shall designate another Trader to handle the client accounts. The Trading Participant is required to provide written notice to the Exchange of the details of the arrangement made; provided, that the Exchange shall be given prior written notice of any proprietary account transaction proposed to be executed by the Trader designated to handle the client accounts.
- e. A Trading Participant who deals for its own account either directly or through Authorized Representatives shall use the proprietary account.
- f. A Designated Trader for specific accounts can only be replaced after a period of six (6) months.
- g. The designated Trader to a client account shall be allowed to shift to proprietary account and vice versa only once within a period of six (6) months.
- h. A Designated Specialist is prohibited to handle client accounts.
- i. The Trading Participant shall provide prior written notice of at least seven (7) days to the Exchange if there is a change in the designated Salesman/Trader to handle the client or proprietary account. Any change in the designated Trader shall be effective after notification to the Exchange. The notification to the Exchange shall indicate the following:
- i. Name of incoming and outgoing designated Salesman/Trader to handle Client and Proprietary Account; and
 - ii. Effectivity date of transition.









Each Trader is given a respective log-in account to a trading terminal. The Trader to whom the log-in account is registered shall be liable in all transactions made from the said account.

SECTION 23. Best Execution Rule

In every transaction, a Trading Participant shall use reasonable diligence to ascertain the best available price for the Security so that the resultant price to the client is as favorable as possible under the prevailing market conditions.

SECTION 24. Non-liability of the Exchange from a *Force Majeure* Event

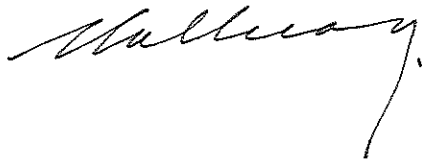
The Exchange cannot be held liable for any damages, losses, claims, costs, or causes of action, direct or indirect, arising from *Force Majeure*.



ARTICLE V

MARKET MAKING

(This portion is still pending final approval by the SEC)

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ARTICLE VI**CROSS TRANSACTIONS AND BLOCK SALE****SECTION 1. Cross Transactions**

A cross transaction shall be made only in accordance with the following requirements:

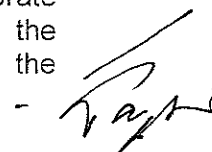
- a. Its price shall be within the BBO;
- b. In the absence of the BBO, the price shall observe the limitations set out in the Implementing Guidelines;
- c. It shall not be entered during the Pre-Open/Pre-Close Period;
- d. When done during the Run-Off/Trading-at-Last Period, it shall be at the Closing Price;
- e. All pre-arranged transactions meeting the requirements set by the Exchange shall be executed in the Block Sale Market and not through a Cross Order entry.

SECTION 2. Automatic Cross Transactions

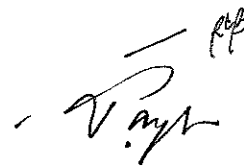
There shall be an automatic cross during the Market Open/Continuous Trading and Trading-at-Last/Run-Off Period when a Trading Participant has a posted Order and then posts another counterpart Order at the same or better price. In such event, the Trading Participant shall have the priority among Trading Participants who posted earlier in the queue. The newly posted counterpart Order shall be matched with its earlier posted Order regardless of its position in the queue.

SECTION 3. Block Sales

- a. Upon approval by the Exchange, Block Sales shall be immediately entered into the Trading System of the Exchange.
- b. Block Sales shall comply with the minimum transaction value and the allowable execution prices in accordance with the Implementing Guidelines of these Rules.
- c. Block Sales shall only constitute pre-arranged transactions between and among parties to be executed through the Exchange.
- d. Block Sales shall have an execution price of above or below a prescribed ratio of the previous Trading Day's Closing Price or the ACP in the event of corporate actions, or the last ACP in cases where there is no trading activity for the Security in the immediately preceding Trading Day, in accordance with the Implementing Guidelines of these Rules.
- e. Block Sales may involve one or two Trading Participants, but shall have different clients for the buying and the selling side.



- f. In Block Sales involving two Trading Participants, a Block Sale declaration which is not confirmed by the counterpart Trading Participant shall be eliminated after the period set by the Exchange.
- g. Block Sales shall be settled based on Clearing Agency rules.
- h. The Block Sale Market adopts the same Security state, other than freezing and reservation, implemented in the Normal Market.
- i. Block Sale transactions can be executed from the Market Pre-Open to the Trading-at-Last/Run-Off period.
- j. Requests for Block Sales shall be acted upon within two (2) Trading Days.

A large, stylized handwritten signature in black ink, possibly reading "Mallory".A small, circular handwritten mark or signature in black ink.A handwritten signature in black ink, possibly reading "V. Ray", with a small mark above it.

ARTICLE VII
SECURITY STATES

SECTION 1. Freezing of Security in relation to Price Movements

- a. Whenever an Order will result in a breach of the Trading Threshold of a Security within a Trading Day, the trading of the Security will be frozen.
- b. Orders cannot be posted, modified or cancelled for a Security that is frozen.
- c. In cases where an Order has been partially matched, only the portion of the Order that will result to a breach of the Trading Threshold will be frozen.
- d. Where the Order results to a breach of the Trading Threshold, the following procedures shall apply:
 - i. In case the Static Threshold is breached, the Exchange will accept the Order, provided the price is within the allowable percentage price difference under the Implementing Guidelines of these Rules; otherwise, such Order will be rejected. In cases where the Order is accepted, the Exchange will adjust the Static Threshold to sixty percent (60%). All Orders breaching the 60% Static Threshold will be rejected by the Exchange.
 - ii. In case the Dynamic Threshold is breached, the Exchange will accept the Order if the price is within the allowable percentage price difference under the existing regulations; otherwise, such Order will be rejected by the Exchange.

SECTION 2. Reservation of a Security

- a. Reservation of a Security is caused by any of the following:
 - i. When a Market-on-Opening Order is posted but there is no Indicative Opening Price;
 - ii. When there is an unfilled Market Order upon opening of the Security; or
 - iii. When the Indicative Opening Price breaches the Static Threshold;
- b. A Security shall undergo reservation prior to lifting a trading suspension.
- c. Orders, other than Cross Orders, may be posted, modified or cancelled notwithstanding the reservation of a Security.

SECTION 3. Trading Halt

- a. The Exchange or the SEC may halt the trading of a Security pursuant to existing Rules, applicable laws and regulations.
- b. Orders, other than Cross Orders, can be posted, modified or cancelled notwithstanding the Trading Halt of a Security.



- c. The trading of any warrant, Philippine depository receipt (PDR) or any Security that directly derives its value from the Security subject of the trading halt will also be halted.

SECTION 4. Trading Suspension

- a. The Exchange or the SEC may suspend the trading of a Security pursuant to these Rules, Implementing Guidelines and applicable laws or regulations in order to maintain a fair and orderly market for the protection of the investing public.
- b. Orders cannot be posted, modified or cancelled for a Security that is suspended.
- c. The trading of any warrant, PDR or any Security that directly derives its value from the Security subject of the trading suspension will also be suspended.
- d. During a trading suspension, a Trading Participant cannot directly or indirectly deal or otherwise engage in any transaction on the Security.
- e. In case a Security is suspended, all posted Orders for the Security involved may be purged at the end of a Trading Day, as set out in the Implementing Guidelines of these Rules.

SECTION 5. Lifting of Trading Halt or Suspension

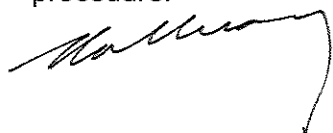
The Exchange will lift the trading halt or suspension of a Security upon compliance by the Issuer with the rules of the Exchange and other applicable rules and regulations.

SECTION 6. Lifting of Static Threshold

The Static Threshold of a Security shall be lifted in the following cases:

- a. On the day of resumption of trading for Securities that have been suspended for at least one year;
- b. On the listing date of Securities that are listed by way of introduction; or
- c. Upon consideration by the Exchange, there has been an occurrence which may cause the Security price to change drastically or the application of the Static Threshold on the price may cause the trading of the Security to become impractical as announced by the Exchange on a case-by-case basis, as defined in the Implementing Guidelines of these Rules;

In items (a) and (c) above, the Static Threshold for the Security shall be lifted until such time that trades have been executed which will eventually be the basis of the ceiling and floor prices on the following day, subject to the Exchange's standard procedure.



ARTICLE VIII

MARKET HALT OR SUSPENSION OF TRADING ACTIVITY

SECTION 1. Circuit Breaker

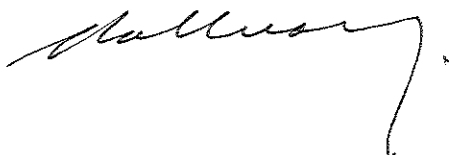
- a. Trading in the market will be temporarily halted in case the PSEi decreases by at least 10% compared to the previous closing level of the PSEi.
- b. Trading in the market will resume within fifteen (15) minutes after a circuit breaker is discharged.
- c. Market Halt due to the breach of the circuit breaker shall be implemented only once in a Trading Day.
- d. A circuit breaker will not be triggered thirty (30) minutes before Market Close.

SECTION 2. Market Halt

- a. The Exchange may halt the trading in the Market if at least one-third (1/3) of the Trading Participant-users cannot access the Trading System due to Trading System problems such as, but not limited to, server failure, network/link problems, or application errors.
- b. In the event of Market Halt occurring thirty (30) minutes or more, the Exchange shall extend trading hours.
- c. Extension of trading shall be governed by the following guidelines:
 - i. Extension of trading hours shall be based on the duration of the Market Halt and is outlined as follows:

Duration of Market Halt	Extension
30 minutes to 50 minutes	30 minutes
Beyond 50 minutes	1 hour

- ii. Subject to paragraph b and c(i) of this section, in the event a Market Halt is triggered prior to Intervention-Before-Opening Phase, ten (10) minutes of the extension shall be allotted to Market Pre-Open Period upon resumption of trading.
 - iii. Subject to paragraph b and c(i) of this section, in the event a Market Halt is triggered from Intervention-Before-Opening Phase, five (5) minutes of the extension shall be allotted to Intervention-Before-Opening Phase.
- d. Notwithstanding paragraph b of this section, in the event of a Market Halt occurring in the last twenty nine (29) minutes of the Trading Day, the Exchange shall have the discretion to extend the trading hours or otherwise suspend the trading in the Market as stipulated under the existing regulations.





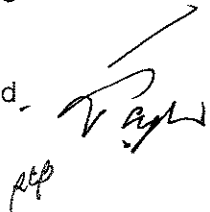

- e. The President may authorize trading to proceed on any operational Trading Floor and the affected Trading Participant may trade through its correspondent Trading Participant or through any other mode of trading not prohibited by the rules of the Exchange.

SECTION 3. Suspension of Trading in the Market

- a. The President of the Exchange or his duly authorized representative may, for the protection of the investing public and the conduct of fair, orderly and efficient trading, suspend trading in the Market when trading cannot continue for the rest of the day by reason of causes such as, but not limited to, Trading System problems, *Force Majeure*, or other analogous causes which result in trading being unable to be carried on in the usual manner.
- b. In case suspension of trading in the Market is imposed, all trades and posted Orders for the day shall be deemed valid.

SECTION 4. Cancellation of Trading in the Market

- a. Subject to Article II, Section 1 of these Rules, the President of the Exchange or his duly authorized representative may, as it may deem necessary in the public interest, cancel a scheduled Trading Day if the circumstance so warrants, provided there is an announcement of cancellation within one (1) hour after the Market Pre-Open Period.
- b. In case cancellation of trading in the Market is imposed, all trades and posted Orders for the day shall be purged.



ARTICLE IX
PENAL SANCTIONS

SECTION 1. Nature of Violations

Any violation of these Rules and the Implementing Guidelines committed within any rolling twelve (12) month period shall make the Trading Participants/Nominees, Salesmen/Traders and/or other trading personnel liable for the following penalties.

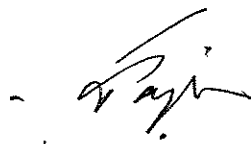
a. Major Violations

Violations committed by Trading Participants/Nominees, Salesmen/Traders and other trading personnel are of such nature and gravity with the effect of directly or indirectly undermining the fair, efficient, and orderly trading in the market to the detriment of the investing public. The major violations of these Rules and the Implementing Guidelines are the following:



- i. Short Sale transactions of directors, officers or principal stockholders involving Securities of the corporation in which they are directors, officers, and principal stockholders, as provided for in Article IV, Section 5.3 (a);
- ii. Violation of the Best Execution Rule as provided for in Article IV, Section 23;
- iii. Naked Short Selling, as provided for in Article IV, Section 5.2 (Short Selling), paragraph (d) on Trading;
- iv. Violation of the Up Tick Rule, as provided for in Article IV, Section 5.2 (Short Selling), paragraph (b) on Trading;
- v. Abuse of the Odd Lot board by posting Orders which form part of a single transaction and which, in the aggregate, should have been posted in the main board;
- vi. Established pattern of abuse of the error account transactions as provided for in Article IV, Section 20 on Error Transactions; or
- vii. Posting of foreign buying Orders for the malicious purpose of limiting the available volume for foreign buyers, as provided for under Article IV, Section 2 (d) on Responsibility of a Trading Participant on all Orders.

b. Minor Violations

Any other violations of these Rules and the Implementing Guidelines not covered by the above enumeration shall be considered minor violations, which shall include, but not be limited to, the following:



- i. Non-conformity with the standards set by the Exchange on computer terminals and equipment installed and/or unauthorized access to these computer terminals and equipment, as provided for in Article III, Section 3 on Terminals and Equipment in the Trading Booth;
- ii. Unauthorized access to the Trading Floor of persons other than those enumerated under Article III, Section 4 on Admission to the Trading Floor;
- iii. Offenses deemed to be detrimental to the interest of the Exchange as provided for under Article III, Section 5 on Conduct in the Trading Floor:
 - 1) bringing in food/drinks
 - 2) horse-playing
 - 3) bringing in animals
 - 4) non-compliance with the dress code as provided in these Rules.
 - 5) bringing in liquor
 - 6) being under the influence of liquor/drugs
 - 7) bringing in firecrackers, inflammable materials, and other pyrotechnics
 - 8) bringing in guns and other deadly weapons
 - 9) destroying and/or vandalizing Exchange properties
 - 10) disrespect to the flag, or to any member of the Board of Directors, or to Nominees of the Trading Participants or to Exchange officers
 - 11) engaging in disruptive behavior
 - 12) immoral conduct or indecent acts including sexual harassment
 - 13) stealing
 - 14) gambling
 - 15) smoking
 - 16) repetitive minor offenses; and
 - 17) answering calls when the national anthem is being played;
- iv. Unacceptable business attire and hairstyle, in violation of Article III, Section 6 on Dress Code/Hairstyle;
- v. Violation of the requirements under Article III, Section 7 on Identification Cards/Passes.
- vi. Violation of the provisions of Article IV, Section 4 on Aggregation of Client Orders;
- viii. Non-indication of the Trading Participant, upon receiving an Order to Short Sell or when Short Selling for its own account, of its Order as a Short Selling transaction in the automated Trading System of the Exchange upon Order entry, in violation of Article IV, Section 5.2 (Short Selling), paragraph (e) on Trading;
- vii. Violation of Article IV, Section 19 on Identification of Accounts and Orders through the Use of Code, Symbol or Account Number;
- viii. Providing incomplete and inaccurate information, in violation of Article IV, Section 21, paragraph (b) on Give-up/Take-up Transactions;

- ix. Non-disclosure by the Market Maker to the Exchange of any of the following matters as provided for under Article V, Section 2 on Exchange Reportorial Requirements:
 - 1.) Any material change in information relating to the Market Maker;
 - 2.) Any actual or expected breach by the Designated Specialist of the rules and the requirements of the Exchange and the SEC; or
 - 3.) Any penalties or disciplinary actions imposed by the SEC;
- x. Violation of Article V, Section 6 paragraph (b) on Voluntary Termination of a Designated Specialist;
- xi. Violation of Article V, Section 7 paragraph (b) on Voluntary Withdrawal of Registration as Market Maker; or
- xii. Cancellation of Block Sale executed through the Trading System. The fourth and succeeding violation will be considered a Major Violation and subject to corresponding penalties.

SECTION 2. Penal Sanctions for Violations by Trading Participants/Nominees, Traders/Salesmen and/or other Trading Personnel

The penalties imposed pursuant to these Rules shall be without prejudice to any civil, criminal and/or administrative action that the Exchange may take against the violating party. The Exchange has the authority to impose the appropriate fines and penalties on either or both the Trading Participant and the responsible party (*i.e.*, the Trader/Salesman or trading personnel) in accordance with the circumstances.

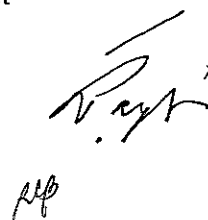
a. Major Violations

- | | |
|------------------------------------|---|
| i. First Offense | Penalty of at least P100,000 but not exceeding P199,999 |
| ii. Second Offense | Penalty of at least P200,000 but not exceeding P299,999 |
| iii. Third and Subsequent Offenses | At least P300,000 and suspension of at least five (5) consecutive trading days of the Trading Participant and/or the responsible party. The Exchange shall publish the name of the Trading Participant, nature of violation and imposition of penalties in case of third and subsequent offenses. |

b. Minor Violations

- | | |
|------------------|-------------------|
| i. First Offense | Written reprimand |
|------------------|-------------------|





ii. Second Offense

P10,000

iii. Third and Subsequent
Offenses

At least P50,000

A large, stylized handwritten signature in black ink, possibly reading "Mallory".A small, circular handwritten symbol or mark, possibly a stylized letter or logo.Small handwritten initials, possibly "MP".A handwritten signature in black ink, possibly reading "W. Ryan".

ARTICLE IX
MISCELLANEOUS

SECTION 1. Separability Clause

These Rules shall be without prejudice to any applicable provisions of the securities laws. If any provision of these Rules shall be held to be contrary to any provision of the securities laws or any law, the remaining provisions shall continue to be in force and effect.

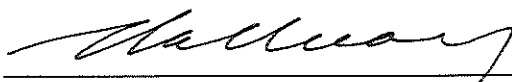
SECTION 2. Repealing Clause

All other rules, regulations, circulars, and other issuances, and parts thereof which are inconsistent with these Rules are hereby superseded, repealed, amended, or modified accordingly.

SECTION 3. Effectivity

These Rules shall be effective fifteen (15) days from its publication in the PSE website.

The Philippine Stock Exchange, Inc.

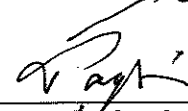


Val Antonio B. Suarez
Chief Operating Officer



Roel A. Refran *JRA*
VP – General Counsel

Securities and Exchange Commission



Jose P. Aquino, Jr.
Director
Market Regulation Department