



CODE OF ETHICS AND BUSINESS CONDUCT

INTRODUCTION

Our business environment is constantly changing. What will remain constant are the values that we uphold as a company, that guide us in everything we do at work and affect both how we see ourselves and how the market and other stakeholders see us as an organization.

The role of the Philippine Stock Exchange (“Exchange”, “Company”, “PSE”) is unique in that, as a publicly listed company, the sole stock exchange in the country and a Self-Regulatory Organization, it is also an important market participant, front-line regulator and a vital instrument of capital market development. In this sense, how the Exchange, including its directors, officers and employees, conducts itself should be beyond reproach.

The organization we want to be is tied closely to our strategic objectives. Our new Strategic Plan lays out what we want to be and to achieve:

- A strong organization based on rules
- Consistent enforcement of rules and regulations
- Fair treatment of market participants
- Become a credible and trustworthy exchange

The Exchange shall be guided by our core corporate values to achieve its vision and carry out its core purpose.

Our Core Values and the Code of Ethics and Business Conduct

Our Core Values are as follows:

- Professionalism in delivering quality service and in meeting the highest standards of excellence
- Integrity, transparency and accountability in implementing business programs and enforcing decisions
- Teamwork in working towards a common and favorable goal for the market
- Mutual respect in relating with fellow employees
- Inner strength in prioritizing the common good of the market instead of individual interest
- Corporate responsibility in promoting market growth hand in hand with community welfare

The purpose of this Code of Ethics and Business Conduct (“Code”) is to apply our core values in all our activities in our company and to how the Exchange conducts its business. All of our employees and officers must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code applies to all officers and staff of the Exchange and the Securities Clearing Corporation of the Philippines (SCCP). (The Board of Directors is covered by the Exchange’s Manual of Corporate Governance and a Director’s Handbook).

This Code should be read and complied with in conjunction with other Company policies such as HR policies as provided in the Employee Handbook, Information Security policy, Expense policies, etc. If a law conflicts with a policy in this Code, you must comply with the law. Also, if a local custom, business practice or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor or, if necessary, higher management, Human Resources or the Corporate Governance Office (CGO), on how to handle the situation. Employees and officers are responsible for understanding the legal and policy requirements that apply to their jobs and reporting any suspected violations of law, this Code or Company policy.

Those found to violate the principles and policies in this Code will be subject to disciplinary action, *including possible dismissal*. Furthermore, violations of this Code may also be violations of the law and may result in regulatory or criminal investigations and civil or criminal penalties for you, your managers and/or the Exchange.

The Code is a set of principles intended to guide all employees; it cannot, however, cover all ethical situations or issues. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the procedures set out in Section VII of this Code.*

ETHICS AND COMPLIANCE

Honest and Ethical Conduct

We expect all employees to act with the highest standards of honesty and ethical conduct while working on Exchange premises, at offsite locations where Exchange business is being conducted, at Exchange- sponsored business and social events, or at any other place where the employees are representing the Exchange. In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting your supervisor, Human Resources or CGO.

Compliance with Laws, Rules and Regulations

As a publicly listed company, the Exchange is subject to numerous laws and regulations, including its own Listing and Disclosure Rules. Obeying the law, both in letter and in spirit, is the foundation on which this Company’s ethical standards are built. All employees and officers must respect, obey and comply with the laws, rules and regulations applicable to our business. Employees are expected to be familiar with the legal and regulatory requirements applicable to their business responsibilities and to fulfill their duties in accordance with these laws and regulations. Although employees and officers are not expected to know the details of each of these laws, rules and regulations, it is important to know enough to determine when to seek

advice from supervisors or other appropriate personnel.

Bribes and Kickbacks

Exchange employees are prohibited from offering, giving, soliciting or accepting bribes or kickbacks. A bribe is defined as a thing of value given to someone with the intent of obtaining favorable treatment from the recipient. Kickbacks consist of payment in cash or in kind, including goods, services, the use of another company's property, or forgiving any sort of obligation provided to a customer or supplier for the purpose of improperly obtaining or rewarding favorable treatment in connection with a transaction. Bribes and kickbacks may not be offered either directly or through a third party in order to obligate the recipient to return the favor.

Fair and Free Markets

The Exchange is committed to promoting free and competitive markets. The Exchange will not tolerate any attempt by any of its employees or representatives to manipulate or tamper with the markets or the prices of securities or other financial instruments. The Exchange's goal is to ensure candor and honesty in all its dealings, including those with business partners, regulators, other stakeholders and the public.

CONFLICT OF INTEREST

A "conflict of interest" exists when a person's private interest interferes in any way - or even appears to interfere - with the interests of the Company. A conflict situation can arise when an employee or officer takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee or officer, or a member of his or her family (up to the 2nd degree of consanguinity and 1st degree of affinity) receives improper personal benefits as a result of his or her position in the Company.

We have an obligation to the marketplace and to our shareholders to make sound business decisions that are not influenced by our personal interests. This means that we are expected to act in the interest of the Exchange, without favor or preference based on possible direct or indirect personal gain. We must avoid and, if needed, remove ourselves from relationships and activities to avoid a conflict of interest or the appearance of a conflict of interest. We also have a responsibility to identify existing or potential conflicts of interest, seek guidance if necessary, and promptly disclose them to the Corporate Governance Office. If in CGO's judgement, there is no conflict of interest, it will give a "No Objection" decision; otherwise, the employee shall be directed to remove himself from the conflict of interest. Where a conflict is unavoidable, it must again be disclosed to the Corporate Governance Office and managed appropriately. The disclosure, request for guidance and final disposition should be documented in writing for record purposes.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or follow the procedures set out in Section VII.

Personal Trading and Insider Information

As an employee of the Exchange, you are prohibited from buying or selling securities listed on the Exchange, whether for your own account or for the account of another. An exception is trading PSE shares under an approved Employee Stock Purchase Plan and subject to the proper disclosure to the Securities & Exchange Commission. Subscribing to initial public offerings (IPO) from listed companies or underwriters is likewise prohibited. These prohibitions, besides being imposed by Exchange rules, are to avoid actual or potential conflicts of interest, or the perception of conflict of interest, arising from the possession by Exchange employees of insider information resulting from their work in the Exchange.

Employees may at some time have access to information related to our company or to other issuers that is not known to the general public. All non-public information about the Company or other issuers should be considered confidential information and should not generally be disclosed to third parties (including family members) or used for any direct or indirect personal benefit unless or until such information is disclosed to the public.

Information that is “material” and non-public is commonly referred to as “Insider Information”. Information is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in the decision to buy or sell a security. Information that, if made public, would likely have an impact on the price of the security or related financial instruments should be considered material. As it pertains to the Exchange, insider information may include, but may not be limited to, information:

- concerning the Exchange as a listed company or as an SRO
- concerning other issuers and trading participants
- market information available on our trading systems that is not yet published or distributed to external market participants.

(The definition of “insider” in the Securities Regulation Code Implementing Rules & Regulations includes an “officer of an exchange, clearing agency, and/or self-regulatory organization who has access to material information about an issuer or a security that is not generally available to the public”. For purposes of this Code, this definition extends to non-officer employees of the Exchange as well)

Employees and officers who have access to confidential information about the Company or any other entity are not permitted to use or share that information for trading purposes in the Company’s or the other entity’s securities or for any other purpose except the conduct of the Company’s business. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. Securities laws prohibit trading stock based on material insider information. A violation of these laws can result in civil and criminal penalties.

Gift, Meal and Entertainment Policy

The purpose of gifts and business entertainment in a commercial setting is to create goodwill and sound working relationships, not to give or gain unfair advantage to or from third parties. These third parties may include but not be limited to existing or potential vendors, suppliers,

service providers and business partners, regulators, as well as our regulated entities such as listed companies, trading participants and listing applicants.

You (or any of your family members up to the 2nd degree of consanguinity and 1st degree of affinity, have an obligation not to solicit, accept, offer or provide any entertainment, meals or gifts that are not appropriate or could be perceived as an improper attempt to influence business. You may only accept gifts which can be considered token gifts or corporate giveaways and only under the following conditions:

- 1) It is not a cash gift, regardless of value (but gift certificates redeemable for goods or services are acceptable as long as the value is not excessive)
- 2) It is consistent with customary business practices;
- 3) It is consistent with the nature of the business relationship and your position or rank in the organization as well as that of the recipient;
- 4) It cannot be construed as a bribe or payoff, create or appear to be a conflict of interest, or otherwise compromise or appear to compromise your business judgment; and
- 5) It does not violate any laws, regulations or the other party's own policies;
- 6) The giver or recipient has no current or pending significant case, material liability such as unpaid penalties, sanctions and other issues with the Exchange.

Any form of a gift that obligates an employee is a bribe and is prohibited, regardless of its value.

Official gifts given by the Exchange during Christmas shall be covered by this gift policy. Further, accepting, soliciting, providing, offering or arranging for entertainment that would be morally questionable, regardless of whether it satisfies the conditions above or not, is prohibited not only from a conflict of interest standpoint but from a reputational risk perspective as well. Use common sense in determining if a gift, meal or entertainment is appropriate or not.

If you receive a gift or invitation (to entertainment or meals) which you think is inappropriate, you should seek guidance from the Corporate Governance Office. If CGO decides that the item is not appropriate, the gift should be returned or the invitation declined as politely as possible.

Some Sample Situations:

- Business discussions held at lunch or dinner are legitimate. A free private meal for an employee and spouse is not a legitimate function.
- An invitation to an entertainment or sporting event such as a golf or tennis tournament may be appropriate if it demonstrably helps build a business relationship.

Care should be taken to avoid giving gifts or providing meals and entertainment that are intended to be innocent but may be construed as a bribe especially with respect to gifts to government officials, for which strict rules may apply. An acceptable gift to a business person might be perceived as a bribe to a government employee.

Corporate Opportunities

Employees and officers are prohibited from taking for themselves opportunities that arise or are discovered in the course of their employment at the Exchange or through the use of corporate property, information or position without the consent of the President and CEO. No employee or officer may use corporate property, information, or position for personal gain, and no

employee or officer may compete with the Company directly or indirectly. Employees and officers owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises.

Honoraria and fees in cash or cash equivalents given to an employee of the Exchange, in return for a lecture, speaking engagement, participation in a forum or similar activity sponsored or arranged by an outside organization, endorsed by the Exchange (with approval from the President and CEO) and in which the employee is representing the Exchange, regardless of whether the activity is held during or outside office hours, may be accepted provided:

- 1) Your participation is disclosed to the Corporate Governance Office prior to the activity, and CGO issues a "No objection" statement;
- 2) The amount of the honorarium or fee is not over P 5,000 per hour, any excess over which should be returned or declined;

A non-cash gift given in consideration of an employee's lecture, speaking engagement, participation in a forum and the like sponsored or arranged by an outside organization shall be governed by the Exchange's gift policy as provided in this Code.

This policy on honoraria and fees does not apply to an employee's private or personal speaking engagements not endorsed by the Exchange; however, such activities should not conflict with the interests of the Exchange.

Outside Employment and Directorships

You may not accept outside employment or directly or indirectly conduct outside business that interferes with the proper performance of your job at the Exchange, is conducted during your normal working hours, utilizes confidential information and other assets of the Exchange (including proprietary assets) or specialized skills and knowledge gained as an employee of the Exchange, competes with the Exchange or otherwise conflicts with the interests of the Exchange. This includes becoming a contractor, consultant or supplier to the Exchange while being employed at the Exchange. Outside consultancies are prohibited outright.

All officers and employees of the Exchange must disclose any and all outside employment or business activity to Human Resources, for which approval by the Corporate Governance Committee upon endorsement by the President and CEO should be obtained:

- a) before being hired;
- b) before entering into outside employment or business activity if and when already employed with the Exchange;
- c) annually thereafter.

Outside employment or business activity may be disapproved anytime if it is determined that it would conflict with the interests of the Exchange.

When an employee serves as a director of an unaffiliated, publicly traded for-profit company, there is a risk of liability for the individual as a director, as well as the risk that he or she will be required to spend large amounts of time attending to the affairs of the public company, thereby interfering with the employee's responsibilities at the Company. For these and other reasons,

the Company prohibits full-time employees from seeking or accepting outside directorships with publicly traded for-profit companies.

All officers and employees of the Exchange must disclose any of the following directorships or activity to Human Resources before they are hired by the Exchange, before entering into such directorships or activity while employed by the Exchange for approval by the Corporate Governance Committee upon endorsement by the President and CEO and annually thereafter:

- Directorships and Committee Memberships of privately held, for-profit companies;
- Directorships and Committee Memberships of not-for-profit entities, including non-government organizations, which pose either an actual or perceived conflict of interest;
- Running for public office, accepting an appointment with a governmental entity or any other affiliation with a governmental or quasi-governmental entity;
- Any other outside business activity where an actual or perceived conflict of interest exists.

Any confirmed violation of the provision on outside employment or directorships will result in dismissal of the guilty employee.

Related-Party Business Dealings

You must disclose to the Corporate Governance Office any business relationship or proposed business transaction that the Company may have with any company in which you or a related party (spouse, children, siblings, parents) has a direct or indirect interest (employment, directorship, controlling ownership) or from which you or a related party may derive a benefit, if such a relationship or transaction might give rise to a conflict of interest or the appearance of a conflict of interest (for example, if you or a family member owns or controls property of significant value that the Company is either purchasing or leasing).

EMPLOYMENT PRACTICES

Harassment-Free Workplace

The Company is committed to providing a workplace free of all types of harassment. The Company strongly disapproves of, and will not tolerate, harassment of employees by managers or co-workers. The Company will also provide a work environment to protect employees from harassment by non-employees in the workplace.

Harassment includes verbal, physical and visual conduct that creates an intimidating, offensive or hostile working environment or that interferes with work performance. Some examples include sexual jokes; offensive statements, posters or cartoons; intimidation tactics; distribution of inappropriate jokes or offensive language on electronic mail or any other ABC computer or networks; use of pornographic screens or software; or other similar conduct. Sexual harassment includes behaviors such as solicitation of sexual favors, unwelcome sexual advances or other verbal, visual or physical conduct of a sexual nature.

If a complaint of harassment is made, a prompt, thorough and impartial investigation will be

conducted and anyone found to have engaged in sexual or any other form of harassment will be disciplined as appropriate, up to and including dismissal. Retaliation against anyone who reports harassment is prohibited and will itself be subject to the appropriate disciplinary action.

Health and Safety

The Company strives to provide each employee with a safe, healthy and productive work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behaviour, including the possession of firearms and other deadly weapons in Exchange premises, are not permitted.

Employees and officers are expected to perform their Company-related work in a safe manner, free of the influences of alcohol, illegal drugs or controlled substances. The use of illegal drugs and the abuse of alcohol by employees can seriously jeopardize the safety, health and welfare of not only the individuals involved, but the entire Company. The Exchange commits to a “zero tolerance” policy, which strictly prohibits the use, possession, distribution, sale or purchase of illegal drugs or controlled substances at the Exchange. Anyone who violates this policy will be dismissed and may also be subject to criminal prosecution.

The use of alcohol is also prohibited on Exchange premises, except at the Brokers Lounge after office hours and where permitted at Company-sponsored functions. Anyone who violates this policy or whose use of alcohol adversely affects their work performance shall be subject to disciplinary action, up to and including dismissal.

BUSINESS PRACTICES

Accurate Business Records, Financial Reporting and Disclosures

The Company requires honest, accurate and timely recording and reporting of information in order to make responsible business decisions and to comply with regulatory requirements. Our shareholders, business partners, regulators and the public also rely on the accuracy and integrity of our business, earnings and financial records. We are all responsible for ensuring that the information, reports and records (both electronic and hard copy) under our control are full, fair, accurate and made on a timely basis.

All of the Company’s books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company’s transactions, must be promptly disclosed in accordance with any applicable laws or regulations, and must conform both to applicable legal requirements, generally accepted accounting standards and to the Company’s system of internal controls. In addition, as a publicly listed company, we must ensure that corporate filings with regulatory authorities are complete, accurate and prepared in a timely manner.

The Company maintains a system of internal controls to ensure the appropriate authorization, recording and accountability of our company’s transactions and accounts. This internal control

system should not be intentionally circumvented.

You must observe professional standards and use common sense regarding content and language when creating business records and other documents, including e-mail, SMS messages and instant messaging, internal memos, and formal reports and disclosures that may be viewed, used or retained by the Company or a third party. We should avoid exaggeration, derogatory remarks, speculation or inappropriate characterizations of people and companies that may be misunderstood. You should keep in mind that at a future date, the Company or a third party may rely on or interpret the document solely as it appears, without the benefit of other recollections or context. You are prohibited from destroying or altering any records that are potentially relevant to a violation of law, legal claim or any litigation, or to any pending, threatened or foreseeable internal or external investigation or audit, or government investigation or proceeding.

Anti-Fraud Policy

We all have a responsibility to identify and ensure that situations involving fraud do not occur. Fraud is the intentional misrepresentation or concealment of a material fact for the purpose of procuring an unjust or unlawful benefit. Fraud encompasses all forms of theft, including intellectual property, identity theft and manipulation or misuse of Company information or assets. If you become aware or suspect that a fraud may be occurring, you are encouraged to report it through the proper channels as provided for in Section VII of this Code. Retaliation for reporting in good faith a violation is prohibited and will itself result in disciplinary action.

Records Management

Business documents and records are important company assets. They contain data and information critical to the continuity of our business, preserve information necessary to protect our legal rights and support and document tax and other regulatory requirements. Records should always be retained, organized, protected and disposed of according to the Company's records management policies. Employees are prohibited from tampering with company records or removing or destroying them prior to the dates specified in the official record retention schedules.

Communications with the Media

The Exchange holds a high-profile position in the national media. It is the Exchange's intention to maintain open and consistent communications with the press. To ensure the accuracy of all information provided, the President and CEO is the official spokesperson for the Exchange. However, he can designate other senior officers to respond to inquiries. Except for such designated spokespersons, individual employees in general should not respond on the Exchange's behalf to media inquiries on Exchange policies and activities in any public forum, including the Internet and the press.

All press inquiries should be forwarded immediately to the Public and Investor Relations Department. Senior officers of the Exchange may, from time to time, be "ambushed" by the press. The senior officer may respond to ambush questions, even without prior authorization,

only if the officer is thoroughly familiar with the subject of the queries (e.g., part of his work or role in the Exchange), the answers are either factual or based on official Exchange research, analysis or position, and the questions are not sensitive. When answering questions from the press, we must ensure that our statements are accurate, will not be misinterpreted or cannot easily be misquoted or quoted out of context, will not reveal or disclose confidential, proprietary or non-public information, harm the credibility of the Exchange, and will not result in legal exposure or reputational damage to the Exchange.

PROTECTION AND PROPER USE OF COMPANY ASSETS

Protection of Company Assets

Every employee is responsible for protecting the tangible and intangible assets of the Company. These assets include physical assets, such as computer hardware, furniture, equipment and buildings, as well as our funds, intellectual property, trade secrets, computer programs and databases, and confidential information.

The Company's assets may not be sold, borrowed, lent, given away or modified in any way that would impact their value, unless there is a good business reason and with the proper approvals.

Proper Use of Company Assets and Resources

Company resources, including (but not limited to) cash, personnel, equipment and vehicles may only be used for legitimate company business purposes. They should not be used for personal gain.

Some sample situations:

- You may not make business trips or purchase an airline ticket at a premium price just to obtain frequent flyer miles or other awards for your private use.
- No one outside the Company may have access to our computers.
- In some cases, using a company PC to do personal work is permissible if it is clearly outside of business hours and you have your manager's approval. Be sure that you and your manager agree on the exact meaning of "outside of business hours."

The obligation of employees and officers to protect and properly use the Company's assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, the Company name and logo, and copyrights, as well as business, marketing and service plans, product ideas, designs, databases, records, salary information and any unpublished financial data and reports. It also includes information that suppliers, business partners, listed companies, trading participants and other parties have entrusted to us. Unauthorized use or distribution of this information for personal benefit, outside work and other unauthorized purposes is a violation of Company policy and may constitute an act of fraud. It could also be illegal and result in civil or criminal penalties.

Confidentiality and Information Security

Confidential information generated by or used in any company business activity is considered

an information asset. This includes (but is not limited to) information originating from direct access to computer systems, information carried over networks, information preserved on portable electronic media and information appearing in hard-copy format.

At the time of hiring, all employees must sign an agreement to protect the Exchange's confidential information and intellectual property rights during and after employment with the Exchange. This confidentiality requirement shall extend up to two (2) years after termination of employment. Employees must also return to the Exchange any company-owned material or proprietary information (i.e., patents, designs, data), and authorize ownership of that information to the Exchange.

The Exchange requires that each employee be personally responsible for safeguarding the company's information assets, in all its various forms, from loss, inappropriate modification and disclosure to anyone who lacks either the authorization or the need-to-know.

Since we work in an exchange which is also a Self-Regulatory Organization, each of us must be vigilant in ensuring that the appropriate relationship remains between regulatory and market activities, including the need to preserve the confidentiality of non-public regulatory information. In addition, we must read, understand and comply with the applicable confidentiality policies, particularly for those of us who routinely handle confidential information pertaining to listings and disclosures, market operations and control and other sensitive functions.

We must also keep in mind that we have a duty to honor our contractual commitments and keep all information confidential that we obtain from third parties with whom we have a business relationship.

VIOLATIONS OF THE CODE OF ETHICS AND BUSINESS CONDUCT

Raising Ethical Issues

We must all work to ensure prompt, fair and consistent action against violations of this Code. If you encounter an unethical situation or face an issue where you have concerns or are not sure what to do, think the situation through and ask the following questions until you are confident that you are doing the appropriate thing:

- What specifically am I being asked to do?
- Is it consistent with our Code, applicable policies and laws?
- Does it feel like the right thing to do, or does it look or feel unethical or improper?
- What might be the consequences of my action or inaction?

Always ask first, act later.

If you still need guidance or wish to voice a concern, your manager would likely be the best person to speak to, because he or she would know your business unit and your situation. If you feel uncomfortable speaking with your manager, or your issue is not promptly or adequately addressed, you should contact the next level of management or the Corporate Governance Office.

Waivers of the Code of Ethics and Business Conduct

In exceptional circumstances, the Exchange may grant waivers to certain provisions of this Code. Only the President and CEO may approve a waiver, which may be disclosed as required by applicable laws, rules and regulations.

Annual Acknowledgement

To help ensure compliance with this Code of Ethics and Business Conduct, the Company requires that all employees and officers study the Code and acknowledge in writing their understanding of, and adherence to, the Code upon the start of employment and on an annual basis thereafter on the attached form (Annex A).



**My Personal Commitment to the Philippine Stock Exchange, Inc.
Code of Ethics and Business Conduct**

I acknowledge that I have received and read a copy of the Philippine Stock Exchange Code of Ethics and Business Conduct ("the Code"), that I understand it and that I will comply with the Code. I further acknowledge that this Code forms part of the terms and condition of my employment at the Exchange, but in itself does not constitute a contract guaranteeing employment.

Signature: _____

Printed Name: _____

Date: _____