



# MEMORANDUM

## No.2010-0340

### The Philippine Stock Exchange, Inc.

- |   |  |
|---|--|
| <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: <b><u>New Trading System</u></b> |

To : **THE INVESTING PUBLIC AND TRADING PARTICIPANTS**

Subject : **Implementing Guidelines of the Revised Trading Rules**

Date : **July 22, 2010**

For the information and guidance of the investing public and market participants, attached is a copy of the Implementing Guidelines of the Revised Trading Rules, which shall take effect upon launching of the New Trading System on Monday, 26 July 2010.

Please be guided accordingly.

*(Original Signed)*  
**RACHELLE C. BLANCH**  
**NTS Internal Project Manager**

Noted by:

*(Original Signed)*  
**VAL ANTONIO B. SUAREZ**  
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## **ANNEX A – IMPLEMENTING GUIDELINES OF THE REVISED TRADING RULES**

These Implementing Guidelines are issued by the Exchange to implement the applicable provisions of the Revised Trading Rules.

### **I. INTERPRETATION OF THE IMPLEMENTING GUIDELINES**

#### 1. Terminologies

Words or phrases with established statutory, jurisprudential or industry meanings which are not otherwise expressly defined in these Implementing Guidelines (the “Guidelines”) shall be used in accordance with such meanings.

#### 2. 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 Guidelines.

#### 3. Interpretation

Unless otherwise provided in these Guidelines, all questions concerning the interpretation, application, or resolution of any other matter in connection with these Guidelines (including, without limitation, any order, direction or note issued by the Exchange), shall be determined solely by the Exchange. The determination by the Exchange shall be final and binding on all parties concerned.

**II. TRADING HOURS (See Article II, Section 2, page 10 of the Revised Trading Rules)**

Unless the Exchange provides otherwise, the trading of Securities in the Exchange will be governed by the following schedule of trading hours:

***For half-day trading***

***8:45 am***

***NATIONAL ANTHEM***

***9:00 am***

***PRE-OPEN PERIOD***

- No matching of Orders can occur during this period, but Trading Participants (TPs) can enter, modify, or cancel Orders, which will be processed based on the pre-opening algorithm.

***9:15 am – 9:30 am***

***PRE-OPEN NO-CANCEL PERIOD***

- TPs are allowed to enter Orders but cannot cancel or modify Orders during this period.

***9:30 am***

***OPENING PERIOD***

- The period when the Opening Price for all Securities is calculated. During the Opening Period, the Order book is frozen and Order entry, modification and cancellation by TPs are not allowed.

***9:30am – 11:57 am***

***CONTINUOUS TRADING***

- A period when Orders are automatically matched at the Best Price in accordance with the Revised Trading Rules.

***11:57 am – 11:59 am***

***PRE-CLOSE AUCTION PERIOD***

- This period is the same as the Pre-Open Auction Period. During this period, TPs can enter, modify or cancel Orders.

***11:59 pm – 12:00 nm***

***PRE-CLOSE NO-CANCEL PERIOD***

- During this period, TPs are allowed to enter Orders but they cannot cancel or modify Orders.

***12:00 nn – 12:10 pm***

***RUN-OFF/ TRADING-AT-LAST***

- TPs can enter Limit Orders at the Closing Price only or Market Orders but matching is executed only at the Closing Price for both Order types.



**12:00 nn – 2:00 pm**

***MARKET RECESS***

- During this period, trading for all Securities is halted. TPs cannot post, modify or cancel Orders during this period.

**2:00 pm – 3:47 pm**

***MARKET RESUMES/ AFTERNOON SESSION***

- During this period, Orders are automatically matched at the Best Price in accordance with the Revised Trading Rules. This period operates in the same way as the period of Continuous Trading.

**3:47 pm – 3:49 pm**

***PRE-CLOSE AUCTION PERIOD***

- This period is the same as the Pre-Open Auction Period. During this period, TPs can enter, modify or cancel Orders.

**3:49 pm – 3:50 pm**

***PRE-CLOSE NO-CANCEL PERIOD***

- During this period, TPs are allowed to enter Orders but cannot cancel or modify Orders.

**3:50 pm – 4:00 pm**

***RUN-OFF/ TRADING-AT-LAST***

- TPs can enter Limit Orders at the Closing Price only or Market Orders but matching is executed only at the Closing Price for both Order types.

\* Market Control Department will perform BOD actions prior to Pre-Open Period. BOD actions include, but are not limited to, the following:

1. Broadcast of stocks and metal report
2. Broadcast of dividends and rights offerings
3. Lifting of Static Threshold
4. Other corporate messages
5. Suspension of Trading Participant (TP)/Trader
6. Lifting of suspension for TP/Trader
7. Halting/suspension of Securities
8. Lifting of trading suspension/halt for Securities

\* Market Control Department will also perform EOD actions after Run-Off/Trading-at-Last. EOD actions include, but are not limited to, the following:

1. Trade Cancellation
2. Trade Amendment
3. Suspension of TP/Trader
4. Lifting of suspension for TP/Trader
5. Halting/suspension of Securities
6. Lifting of trading suspension/halt for Securities

**III. ADMISSION TO THE TRADING FLOOR (See Article III, Section 4 of the Revised Trading Rules)**

1. The following persons are allowed access to the Trading Floor:
  - a. Salesmen/Traders
  - b. Dealers
  - c. Trading Floor Assistants
  - d. Trainees
  - e. Guests
  - f. Exchange Employees
  - g. Nominees
2. The Exchange shall not allow any person to access the Trading Floor without an Identification Card (ID) issued by the Exchange.
  - a. Salesmen/Traders, Dealers and Trading Floor Assistants

Salesmen/Traders, Dealers and Trading Floor Assistants connected with a TP will only be allowed access to the Trading Floor throughout the period of their engagement with the concerned TP.
  - b. Guests

A TP shall submit a letter-request to the Market Operations Division (MOD) for the issuance of an ID allowing a Guest to access the Trading Floor. The letter, signed by the Nominee or any authorized signatory of the TP, shall be submitted to the MOD at least one (1) day prior to the intended date of access to the Trading Floor. The ID issued shall be valid only for 1 day.

**IV. PSE IDENTIFICATION CARDS/PASSES (See Article III, Section 7 of the Revised Trading Rules)**

1. All personnel in the Trading Floor must, at all times, wear PSE-issued IDs/passes.
2. All IDs/passes shall be non-transferable.
3. The PSE IDs/passes shall be coded by color as follows:
  - a. For Salesmen/Traders and Dealers, IDs/passes color is blue;
  - b. For Trading Floor Assistants, IDs/passes color is yellow;
  - c. For Nominees, IDs/passes color is purple;
  - c. For Trainees, IDs/passes color is green; and
  - d. For Guests, IDs/passes color is black.
4. A TP 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 on the Trading Floor.
  - a. The TP must submit to the Brokers System Support and Certification Department (BSSCD) a Trading Floor Entry Application Form for the issuance of PSE IDs/passes, together with the following documents:

- i. 2 pieces of colored ID photos (1.5 x 1.5)
    - ii. a photocopy of SEC License (applicable only for licensed traders)
    - iii. a photocopy of PAM Certificate (applicable only for licensed traders) and
    - iv. such other documents that the BSSCD may require.
  - b. PSE IDs/passes will be issued to duly authorized persons only.
  - c. BSSCD reserves the right to refuse the request for the issuance of IDs/passes as it may deem fit.
  - d. Requests for PSE IDs/passes replacement must be endorsed by the TP's Nominee or any authorized signatory specified in the Trade Limits and Specimen Signature Form. The Exchange will charge a replacement fee for the request.
  - e. The old PSE IDs/passes must be surrendered to the BSSCD.
  - f. In case of loss, a duly notarized affidavit of loss must be submitted together with the Trading Floor Entry Application Form.
5. In case of Trainees of the TPs, the PSE ID/pass is valid only for a maximum period of six (6) months. The Trainee must surrender the PSE ID/pass to the BSSCD at the end of the training period.
  6. It is the TP's obligation to provide written notice to the Exchange of any Trading Floor personnel movement or resignation, within a period of not less than thirty (30) trading days prior to the effectivity date of the movement or resignation.
  7. In case the personnel movement results in a different position which necessitates a change in the color coding of the IDs/passes, the Trading Floor personnel is mandated to surrender his PSE ID/pass to BSSCD prior to the issuance of a new PSE ID/pass.
  8. In case the Exchange adopts changes in IDs/passes color-coding or layout, all existing PSE IDs/passes shall be cancelled by the Exchange and corresponding new PSE IDs/passes will be issued.
  9. The Exchange reserves the right to revoke the PSE ID/pass upon violation by the ID holder of any Rules of the Exchange.

V. **TRADER ACCOUNT ID (See Article III, Section 7 and Article IV, Section 22 of the Revised Trading Rules)**

1. The TP shall classify its Traders either as proprietary, client, or PC Trader.
2. The Exchange shall provide a login account to the Trader of the TP to access the Exchange's Trading System.
3. The Exchange will only issue Trader account IDs to Traders who are SEC-licensed and PAM-certified.
4. A Trading Participant shall at all times designate a Salesman/Trader to handle and execute Orders of its clients.
5. A client Trader will be allowed to trade for the following client accounts:
  - a. Institutional



- b. Retail
  - c. Tax-exempt
  - d. Aggregated/Bundled
6. A client Trader of a TP without broker-dealer license may trade for the following accounts:
    - a. TP's error account; and/or
    - b. TP's related party accounts
  7. A TP trading for proprietary account shall assign a separate Salesman/Trader to handle such account. The assigned Trader may also be allowed to handle the following accounts:
    - a. Error
    - b. Market Making (other than for Securities for which the TP is designated as a Market Maker)
  8. A TP who is a Market Maker shall not be allowed to maintain a proprietary account for Securities where it is designated as a Market Maker.
  9. A Trader account ID determines the role and functions that a specific Trader is allowed to perform. The TP shall execute the Request For Trader Account ID Form for any request for a new Trader account ID or change in any of the information of its Trader on the following:
    - a. Name of the Trader
    - b. Effectivity Date of Employment
    - c. Order Limit
    - d. Trader Classification
      - i. Proprietary Trader
      - ii. Client Trader
      - iii. Proprietary and Client Trader
    - e. Supervisor Indicator
    - f. Trader account IDs under the TP's supervision (if Supervisor Trader)
  10. The Exchange may allow a TP to apply for any of its Salesmen/Traders to handle both proprietary and client accounts. Traders allowed by the Exchange to handle both proprietary and client accounts will be designated as "PC Traders". The Exchange will allow the TP to designate at most two (2) PC Traders. However, at any given day, only one of these 2 PC Traders will handle both proprietary and client accounts, while the other PC Trader can only handle either proprietary or client accounts. The Exchange has the authority to revoke such designation as PC Trader.
  11. The Exchange may allow a TP to apply for any of its Salesmen/Traders to be designated as "Supervisor Trader." A Supervisor Trader, subject to its trader classification, will be given access to view and manage (transfer ownership, modify and cancel) Orders of the Traders under his/her supervision. Without the designation as a Supervisor Trader, a Trader (whether Proprietary, Client, or PC Trader) cannot manage Orders of the Traders identified by the Exchange as under the Supervisor Trader's supervision.
  12. The TP will notify the Exchange in writing regarding the deactivation or reassignment of any of its Trader account IDs.

13. Pursuant to these Guidelines, the resignation of a Trader of a TP shall result in the deactivation of the Trader account ID upon effectivity of resignation as indicated in the written notice to the Exchange.
14. In case of Trader account ID reassignment, the TP must execute and submit to the Exchange the Request for Trader account ID Form at least two (2) days before effectivity date.
15. All suspended TPs shall be prohibited from accessing the Trading System of the Exchange using Trader Account IDs.
16. Suspension of a Trader of a TP shall immediately result in deactivation of its Trader Account ID.
17. For items 15 and 16 above, the suspension of a TP or any of its Traders may be lifted as long as there is at least one (1) hour remaining prior to Market Close.

**VI. TRADING THRESHOLDS (See Article IV, Section 7 of the Revised Trading Rules)**

1. The price for an Order should be within the Trading Threshold for the Trading Day. The Trading Threshold refers to the Static and Dynamic Thresholds.
2. Static Threshold
  - a. The Static Threshold is an absolute value that defines the lower and upper limit (*i.e.* ceiling and floor price) of the authorized trading range for a Security or group of Securities in peso value or any other currency permitted by the Exchange.
  - b. The Static Threshold shall be fifty percent (50%) of the previous day's Reference or Closing Price or the Last Adjusted Closing Price (LACP).
  - c. The Static Threshold is not applicable to warrants.
3. Dynamic Threshold
  - a. The Dynamic Threshold is the maximum allowable price difference between an update in the Last Traded Price (LTP) of a given Security or group of Securities and its preceding LTP that is equal to a percentage set by the Exchange, subject to the classification of a Security or a group of Securities based on its trade frequency.
  - b. Listed Securities will be classified in three clusters and will be subject to different Dynamic Thresholds as follows:

Security Cluster	Trade Frequency Qualifier	Dynamic Threshold
A	traded 20 times or less in the past six months	20%
B	traded 500 times or less but greater than 20 times in the past six months	15%
C	traded more than 500 times in the past six months	10%

- c. New Securities listed on the Exchange shall be subject to the twenty percent (20%) Dynamic Threshold.
  - d. The Dynamic Threshold shall be determined in the following manner:
    - i. The review of the classification shall be conducted on a semi-annual basis, every second trading week of January and July using trading data for the preceding six-month period of July to December and January to June, respectively. A company's Security classified under Security Cluster A that is traded 200 times in between review periods will be subject to the Dynamic Threshold of Security Cluster B, and a company's Security in Security Cluster B that is traded 1000 times in between review periods will be subject to the Dynamic Threshold of Security Cluster C.
    - ii. The PSE shall have the authority to reclassify the Security even before the lapse of six (6) months on the basis of trade frequency of the said Security.
  - e. The result of the review shall be published by the Exchange on its website prior to the effectivity of any reclassification.
- 4. Freezing of a Security as a result of breaching the Dynamic and Static Threshold shall be governed by these Guidelines, under Security States.
  - 5. Under Section 6(b) Article VII of the Revised Trading Rules, if the Security was not traded on listing date, the Static Threshold for the following Trading Day shall be based on the indicative reference opening price of the Security provided by the company.
  - 6. The Static Threshold may be lifted based on the instances set forth in Section 6 Article VII of the Revised Trading Rules. The procedure for lifting the Static Thresholds is as follows:
    - a. The PSE Market Regulation Division (MRD) or Issuer Regulation Division (IRD), or their successor entity, shall make a recommendation to the PSE Management Committee for the lifting of the Static Threshold.
    - b. Upon approval of the recommendation by the PSE Management Committee, the PSE Market Control Department shall lift the Static Threshold prior to Market Pre-Open Period.
    - c. If the approval of the PSE Management Committee was received by the PSE Market Control Department during or after Market Pre-Open Period, the lifting of the Static Threshold will be implemented the following Trading Day prior to Market Pre-Open Period.
    - d. The PSE shall announce the lifting of the Static Threshold on its website prior to the implementation thereof.

**VII. ORDER QUALIFIERS AND COMPATIBILITY (See Article IV, Section 9 of the Revised Trading Rules)**

Permitted combinations for Order types, validity types and volume qualifiers, such as but not limited to those listed below shall apply:

		Limit		
		Pre-Open/Pre-Close Period	Continuous Trading Period	Trading-at-Last Period
Fill And Kill (FAK)	Standard	allowed	allowed	allowed
	Minimum quantity	not allowed	allowed	allowed
	Disclosed quantity	not allowed	not allowed	not allowed
Day, GTD, GTC, Sliding	Standard	allowed	allowed	allowed
	Minimum quantity	not allowed	allowed	allowed
	Disclosed quantity	allowed	allowed	allowed

**Order Type Prioritization**

The PSE Trading System shall prioritize the Order types sequentially as follows:

1. Market Order
2. Market-on-Opening/Closing Order
3. Limit Order

Orders of the same type with regard to Market Order and Market-on-Opening/Closing Order shall be prioritized based on time of entry. In the case of Limit Order, Orders shall be prioritized by the Trading System first by price (for buying side, Order with higher price will be given priority; while for the selling side, Order with lower price will be given priority), and then by time of entry.

**VIII. OPENING and CLOSING PRICE CALCULATION (See Article IV, Section 10 of the Revised Trading Rules)**

The rules in calculating Opening Price are set forth below:

1. Maximum number of shares matched

The Opening Price is the price that results from the largest number of shares matched.

Example:

BID		OFFER	
Volume	Price	Price	Volume
5,000	920	900	134,000
50,000	905	905	1,000
72,500	900	925	15,000
5,030	870		

Reference Price: **910**

Tick size: **5**

Possible Opening Prices:

Price	Buy Vol. <sup>1</sup>	Sell Vol. <sup>2</sup>	Matched Qty	Unmatched Qty
920	5,000	135,000	5,000	130,000
915	5,000	135,000	5,000	130,000
910	5,000	135,000	5,000	130,000
905	55,000	135,000	55,000	80,000
<b>900</b>	<b>127,500</b>	<b>134,000</b>	<b>127,500</b>	<b>6,500</b>

Opening Price: **900**

In the example given above, all prices in between the highest and the lowest prices with probable matches are considered as possible Opening Prices. These prices are 920, 915, 910, 905 and 900. The prices 870 and 925 were excluded because there are no probable matches at these prices. The matched quantities are derived from the buy and sell volume for each price. Using the first rule, the derived Opening Price is 900 because it corresponds to the maximum number of shares matched.

## 2. Minimum number of shares unmatched

If all the matched quantity is the same, the Opening price is the price of the matched trade with the least unfilled quantity.

Example:

BID		OFFER	
Volume	Price	Price	Volume
10,000	905	900	10,000
7,000	900	905	1,000
72500	890	925	15,000
5,030	870		

Reference Price: **910**

Tick Size: **5**

<sup>1</sup> **Buy volume** is the number of shares that market participants are willing to buy at a certain price.

<sup>2</sup> **Sell volume** is the number of shares that market participants are willing to sell at a certain price.

Possible Opening Prices:

Price	Buy Vol.	Sell Vol.	Matched Qty	Unmatched Qty
905	10,000	11,000	10,000	1,000
900	17,000	10,000	10,000	7,000

Opening Price: **905**

In the example given above, possible Opening Prices are at 905 and 900. In this case, rule 1 above is not applicable since matched quantities are the same for both possible Opening Prices. Using the second rule, the Opening Price is 905 since it corresponds to the least unmatched quantity.

### 3. Market Pressure

Market Pressure applies to either the buying or selling side that registers the higher volume. If the Market Pressure is on the buy side, the Opening Price is the highest possible Opening Price. On the other hand, if the Market Pressure is on the sell side, the Opening Price is the lowest possible Opening Price.

Example:

BID		OFFER	
Volume	Price	Price	Volume
40,000	915	905	40,000
10,000	910	915	20,000

Reference Price: **900**  
Tick Size: **5**

Possible Opening Prices:

Price	Buy Vol.	Sell Vol.	Matched Qty	Unmatched Qty
915	40,000	60,000	40,000	20,000
910	50,000	40,000	40,000	10,000
905	50,000	40,000	40,000	10,000

Opening Price: **910**

In the example given above, there are three possible Opening Prices in the Order book. Rule 1 above is not applicable since all possible Opening Prices registered the same result for matched quantities - 40,000. Using rule 2, Opening Price still cannot be determined because 910 and 905 remain the possible Opening Prices with the same unmatched quantities of 10,000. To get the final Opening Price, rule 3 shall apply, where Market Pressure is taken into consideration. In the given example, the Market Pressure is on the buy side because there is greater volume on the buy side than the sell side. Thus, the Opening Price is 910 since it is the better price.

#### 4. Closer to the Reference Price

If all the matched and unmatched quantities are the same, but the direction of the Market Pressure cannot be determined because (1) volume for both the buy and sell side of all the possible Opening prices is equal or (2) volume for both the buy and sell side for each of the possible Opening prices is counterbalanced, the Opening Price is the price closest to the Reference Price.

Example 1:

BID		OFFER	
Volume	Price	Price	Volume
10,000	910	900	10,000
1,000	895	925	1,000
72,500	890	925	15,000
5,030	870		

Reference Price: **890**  
Tick Price: **5**

Possible Opening Prices:

Price	Buy Vol.	Sell Vol.	Matched Qty	Unmatched Qty
910	10,000	10,000	10,000	0
905	10,000	10,000	10,000	0
<b>900</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>

Opening Price: **900**

In the example given above, all the matched quantities are 10,000 and there are no unmatched quantities for all possible Opening Prices and the direction of the Market Pressure cannot be determined. In this case, 900 will be the Opening Price because it is the price closest to the Reference Price of 890.

Example 2:

BID		OFFER	
Volume	Price	Price	Volume
10,000	905	900	10,000
1,000	900	905	1,000
72,500	890	925	15,000
5,030	870		

Reference Price: **890**  
Tick Price: **5**

Possible Opening Prices:

Price	Buy Vol.	Sell Vol.	Matched Qty	Unmatched Qty
905	10,000	11,000	10,000	1,000
<b>900</b>	<b>11,000</b>	<b>10,000</b>	<b>10,000</b>	<b>1,000</b>

Opening Price: **900**

In the example given above, the matched and unmatched quantities are 10,000 and 1,000 for both possible Opening Prices and the direction of the Market Pressure cannot be determined. In this case, the Opening Price of 900 will be the Opening Price because it is the price closer to the Reference Price of 890.

#### 5. Reference Price

If all the rules detailed above do not apply, that is, the matched and unmatched quantities are all the same, the direction of Market Pressure cannot be determined and the Reference Price is included in the possible Opening Prices, then the Opening Price shall be the Reference Price.

Example:

<b>BID</b>		<b>OFFER</b>	
<b>Volume</b>	<b>Price</b>	<b>Price</b>	<b>Volume</b>
10,000	920	900	10,000
1,000	900	920	1,000
72,500	890	925	15,000
5,030	870		

Reference Price: **915**  
Tick Size: **5**

Possible Opening Prices:

<b>Price</b>	<b>Buy Vol.</b>	<b>Sell Vol.</b>	<b>Matched Qty</b>	<b>Unmatched Qty</b>
920	10,000	11,000	10,000	1,000
<b>915</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>
910	10,000	10,000	10,000	0
905	10,000	10,000	10,000	0
900	11,000	10,000	10,000	1,000

Opening Price: **915**

In the given example above, all the matched quantities are equal. Using rule 2, 920 and 900 are eliminated and the remaining possible Opening Prices are 915, 910 and 905. Since the direction of the Market Pressure cannot be determined and the Reference Price, which is 915, is included in the possible Opening Prices, the Opening Price shall be 915.

The foregoing rules shall apply to both Opening and Closing Price calculations. However, when calculating the Opening Price, the Reference Price shall be the Previous Closing Price or, when applicable, the Last Adjusted Closing Price of the Security. The Reference Price for calculating the Closing Price shall be the Last Traded Price of the Security.



**IX. VALUE LIMIT OF ORDERS (See Article IV, Section 10 of the Revised Trading Rules)**

1. When applying for Trader System Account, TPs shall assign the value limit for each of its Traders in the Request for Trader account ID form. The value limit set by the TP cannot be greater than the value limit required by the Exchange.
2. The value limit applies only per Order and not on the total transaction/trades of the Trader for each Trading Day.
3. When the TP needs to execute any transaction, including Block Sale, where the value of the transaction is greater than the value limit assigned to a Trader, the TP may request the temporary adjustment of the value limit of the Trader who will execute the transaction. The facility used in executing a Block Sale, otherwise known as the Trade Confirmation System (TCS), will also observe the value limit assigned by the TP to its Trader(s).
4. The assigned value limit to Traders may be temporarily adjusted for a specified period of time after executing the Request for Change in Value Limit form, while a permanent adjustment of Trader limit value will entail execution of Request for Trader account ID form. In both instances, the submission of the aforementioned forms to the Exchange must be at least one (1) day prior to the intended date of effectivity.

**X. ORDER STATUS**

The Order status displayed in a TP's trading terminal and its corresponding description are listed below:

1. Active – Order is open for matching, modification and cancellation. Same Order status also applies to partially matched Orders.
2. Cancelled – Order has been cancelled by the Trader.
3. Error – Order encounters validation error during Order posting.
4. Executed – Order has been fully matched.
5. Frozen – Order has caused the freezing of the Security and is waiting for Market Control action.
6. Market Eliminated – Order has been cancelled by the Market Control of the Exchange or Order has been automatically cancelled by the Trading System due to Market rules.
7. Modified – Original Order has been modified.
8. Scheduled – Order that will be released to the Market at a pre-determined time as set by the Trader.
9. Sent – Order awaiting Exchange reply.
10. Sending – Order has not reached PAM server.\*
11. Waiting – Order emanating from PAM Trading Terminal has not yet been sent to the Market.\*

\* Applicable only for PAM users.

**XI. ORDER MODIFICATION (See Article IV, Section 13 of the Revised Trading Rules)**

1. Order modification is allowed from Pre-Open Period to Trading-at-Last Period, except during the Pre-Open No-Cancel Period, Pre-Close No-Cancel Period and the Market Recess (once the Exchange implements whole-day trading).

2. A Trader can modify an active or unmatched portion of a partially matched Order without losing its priority in the Order queue if it involves any or a combination of the following:
  - a. a decrease in its volume;
  - b. a modification of validity type; or
  - c. a modification of client account code
3. A modified Order loses its priority when it involves any or a combination of the following:
  - a. an increase in its volume;
  - b. a modification of the limit price entered; or
  - c. a modification of the trigger price entered
4. A modification from client to proprietary or vice versa is not allowed.
5. A PC Trader cannot directly modify the Orders of other Traders without taking the ownership of the Order.
6. The Trader who has last acted on an Order (*i.e.*, transfer of ownership, modification, and cancellation) shall bear the responsibility over the said Order.

**XII. ORDER CANCELLATION (See Article IV, Section 14 of the Revised Trading Rules)**

The provisions below will govern the cancellation of Order:

1. The TP may cancel active Orders during the Pre-Open and Pre-Close Periods except during Market Pre-Open No-Cancel and Pre-Close No-Cancel Periods.
2. The TP may cancel active Orders during the Continuous Trading Period. Cancellation of the unmatched portion of a partially matched Order is also allowed during this Period.
3. The TP may cancel active Orders during Trading-at-Last/Run-Off Period.
4. The Exchange may cancel all active Orders when corporate actions result in adjustment of the Closing Price.
5. The Exchange may cancel all active Orders if the Security changes its board lot size.
6. The TP can only direct the Exchange to execute a cancellation of all the Orders already posted in the event of a system failure or interruption of the PSE-certified Front-End Order Management System (FEOMS) of the TP or Common Customer Gateway (CCG) of the Exchange.

**XIII. TRADE CANCELLATION (See Article IV, Section 16 of the Revised Trading Rules)**

1. Cancellation of trades may be done only in accordance with Article IV, Section 16 of the Revised Trading Rules.
2. In case of mistake on the part of the TP involved in the trading transaction, the TP may request cancellation of the trade by fully accomplishing the prescribed form. The form shall indicate the

reason for the request and confirm that the parties involved have agreed to the cancellation, and shall be co-signed by the concerned authorized signatories of the TPs involved in the transaction, indicating that they and/or their respective clients have both agreed to the cancellation. The TP must submit the form to the Exchange for consideration. If the Exchange finds the reason for cancellation meritorious, it shall approve the same.

3. In case of computer or system error in the Trading System of the Exchange, the Exchange may cancel the trade only upon confirmation by the relevant division of the Exchange of the occurrence of the computer or system error.
4. The Exchange may cancel a trade upon resolution by the Board of Directors of the Exchange that cancellation of the trade 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 trade was favorably recommended by the PSE 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 actual cancellation. In such event, the Exchange shall notify the market participants of the said action through the PSE website prior to execution of the trade cancellation.
5. A cancellation fee, in accordance with the schedule of fees prescribed by the Exchange, shall be levied for all trades cancelled.
6. Cancellation of trades shall be subject to the consideration and approval of the Exchange and the submission of the Trade Cancellation Form to be made no later than 5 pm of T+0 and executed by duly authorized signatories of the TPs.
7. In case of late submission of the Trade Cancellation form, a letter of undertaking signed by the TP's authorized person or its head of operations shall be submitted to the Exchange no later than 5pm of T+0, stating that the trade cancellation is duly authorized by, and binding on and enforceable against, the TP and that the TP will fully comply with the rules on Trade Cancellation.
8. The PSE Market Control Department shall provide a copy of the Trade Cancellation form or letter of undertaking to the Clearing Agency prior to execution of the trade cancellation.
9. The PSE Market Control Department will be the primary contact point in PSE for any concerns on requests by TPs for trade cancellation.

**XIV. ODD LOT MARKET (See Article IV, Section 17 of the Revised Trading Rules)**

Odd Lot Market is a separate market segment where Odd Lot Orders are traded.

1. All Orders with volume less than the defined board lot shall be considered Odd Lot Orders.
2. An "O" prefix is appended to the stock symbol (*e.g.* BC – OBC) to indicate that such Order is an Odd Lot Order which must be traded in the Odd Lot Market.

3. Notwithstanding the Rules applicable to the Normal Market, the Odd Lot Market will only allow the following Order and validity types:

**Order Types:**

- Limit Order
- Market Order

**Validity Types:**

- Day
- Good-Till-Week
- Good-Till-Date
- Good-Till-Cancelled
- Sliding Validity

4. Cross Transaction in the Odd Lot Market is allowed and will follow the same rules applicable to the Normal Market.
5. A partial matching of Odd Lot Orders is allowed.
6. The modification of an active Odd Lot Order and the unmatched portion of a partially matched Odd Lot Order is allowed. Modification will follow the same rules as the Order modification in the Normal Market.
7. There is no Pre-Open, Pre-Close and Run-Off/Trading-at-Last Period in the Odd Lot Market.
8. Odd Lots will be accepted only during the Continuous Trading Period.
9. At the start of day, the Reference Price for both the Odd Lot and Normal Markets will be based on the Last Adjusted Closing Price of the Normal Market.
10. The Closing Price of a Security traded in the Odd Lot Market shall be the Last Traded Price of the Security during the Continuous Trading Period or, when applicable, the Last Adjusted Closing Price of the Security.
11. There is no Dynamic Threshold in the Odd Lot Market. Consequently, the Trading Threshold breach which would cause freezing of a certain Security in the Normal Market will not cause the Security to adopt the same status in the Odd Lot Market, and vice versa.
12. Reservation prior to lifting of Security suspension shall be imposed in the Normal Market but not in the Odd Lot Market.
13. Subject to compliance with laws, rules and regulations, the TPs may determine their own charges/commissions for transactions executed in the Odd Lot Market.
14. The use of the Odd Lot Market shall be strictly for the purpose of trading Odd Lot Orders. Any TP who violates the spirit of Article IV, Section 17 of the Revised Trading Rules shall be penalized accordingly. Examples of such violations include, but are not necessarily limited to, using the Odd Lot Market to execute a Normal Market transaction.

**XV. ACCOUNT CODES (See Article IV, Section 19 of the Revised Trading Rules)**

1. The TP shall designate a unique trading account code that corresponds to an account existing in their back-office.
2. An account code shall be provided for the TP based on the information given to the Exchange.
3. All account codes shall be classified by the TPs as follows:
  - a. Institutional Client – account of i) a bank, insurance company, or registered investment company; ii) any other entity set forth in Section 10.1(1) of the Securities Regulation Code as a qualified buyer; iii) any other entity (whether a natural person, corporation, trust or otherwise) with total assets of at least P1.2B; provided, however, that the broker-dealer shall obtain from such entity a declaration, under oath, confirming ownership of such assets;
  - b. Retail Client – account of an individual not categorized as an institutional client;
  - c. Tax-Exempt Client – corporate account which is exempt from stock transaction tax (STT);
  - d. Aggregate/Bundled Account – account that corresponds to multiple client accounts of a TP;
  - e. Proprietary Account – account of the Trading Participant’s firm when trading for its own account;
  - f. Error Account – account of the Trading Participant designated for error transactions. The error account should always correspond to the nationality of the TP;
  - g. Related Party Account – account of: (a) employees, directors and officers of the TP, including relatives up to second degree by affinity or consanguinity, whether legitimate or illegitimate; or (b) corporations which are directly or indirectly controlled by, or under common control with, the TP, such as when the TP or the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of the related corporation. For this purpose, “control” also exists even when the TP or parent owns one half or less of the voting power of another corporation when there is:
    - i. Power over more than one half of the voting rights by virtue of an agreement with other investors;
    - ii. Power to govern the financial and operating policies of the corporation under a statute or an agreement;
    - iii. Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
    - iv. Power to cast the majority of votes at meetings of the board of directors or equivalent governing body.
  - h. Market Making Account – account used by the TPs to identify transactions made in the performance of its market making obligations to the listed company.
4. The TP shall further classify the Nationality Flag of each of the accounts as follows:
  - a. Local
  - b. Foreign
5. The TP may submit its naming convention or shortcut to identify the client code using the facilities of the Exchange. The naming convention shall be used by the Trader when posting an Order using the trading terminal provided by the Exchange.

6. Any change in the account type and nationality flag of an existing account code will result to a new account code.
7. Any requests for new account code and change in shortcut of the account code must be submitted by 4pm to be made effective for the next Trading Day.
8. Any requests received beyond the prescribed time will be processed on the next business day and made effective on the succeeding Trading Day.
9. All transactions involving accounts of related parties shall be approved by the TP's compliance officer.

**XVI. AGGREGATION OF CLIENT ORDERS**

1. A TP shall be allowed to open aggregated/bundled accounts for the purpose of aggregating client Orders.
2. A bundled account shall be classified as local or foreign.
3. For purposes of foreign ownership monitoring, when posting an Order of combined local and foreign client Orders, the foreign bundled account shall be used;
4. The TP must distribute the Securities traded among its clients through the facilities of the Exchange:
  - a. In the case of half-day trading and there is a change in Nationality Flag of the account code/s, unbundling of aggregated account shall be made no later than 5pm of T+0.
  - b. In the case of half-day trading and there is no change in Nationality Flag of the account code/s, unbundling of aggregated account shall be made no later than 12 noon of T+1.
5. No Securities traded shall be left in the bundled account/s after the allowed time period as specified above. Failure to comply with the time period requirement shall be considered as a minor violation of the TP, subject to penalties as stated in Article IX of the Revised Trading Rules.
6. When unbundling the trades, only the following distribution will be allowed:
  - a. From a foreign bundled account to foreign client and local client and/or error account; or
  - b. From a local bundled account to local client and/or error account.
7. Generally, trade unbundling from Client account to Proprietary account is not allowed. However, pursuant to the Revised Trading Rules on Error Transactions, in case a TP with broker-dealer license does not maintain an Error account the TP may unbundle a trade from Client account to Proprietary account.

**XVII. TRADE AMENDMENT (See Article IV, Section 14 of the Revised Trading Rules)**

1. Amendment of trades shall be made no later than 5 pm of T+1 through the facilities of the Exchange and will be subject to the approval of the PSE Market Control Department. Failure to

comply with the foregoing shall be considered as a minor violation, subject to penalties as stated in Article IX of the Revised Trading Rules.

2. A Trade amendment fee, in accordance with the schedule of fees prescribed by the Exchange, shall be levied for every contract amended.
3. If approved, a corrected Daily Transaction Report (DTR) can be downloaded through the PSE system. This amended DTR shall replace the old DTR and shall be kept for reference and file by the TP.
4. The Exchange will not allow amendments of unbundled trades from an aggregated account.
5. Partial amendment of trades will not be allowed. However, in the case of trades resulting in error transactions, partial amendment is permitted.
6. Restrictions on trade amendments such as, but not limited to, those listed below shall apply:

Flags	1 House Foreign/Local	2 Market Maker	3 Related Party Local	4 Related Party Foreign	5 Error Foreign, Local	6 Tax Exempt Local	7 Tax Exempt Foreign	8 Foreign Retail	9 Local Retail	10 Foreign Institutional	11 Local Institutional
1 House Foreign/Local	X	X	X	OK	OK	X	X	X	X	X	X
2 Market Maker	X	X	X	X	X	X	X	X	X	X	X
3 Related Party Local	X	X	OK	X	OK	OK	X	X	OK	X	OK
4 Related Party Foreign	X	X	X	OK	OK	X	OK	OK	X	OK	X
5 Error Foreign, Local	X	X	X	X	X	X	X	X	X	X	X
6 Tax Exempt - Local	OK	X	OK	X	OK	OK	X	X	OK	X	OK
7 Tax Exempt - Foreign	OK	X	X	OK	OK	X	OK	OK	X	OK	X
8 Foreign Retail	OK	X	X	OK	OK	X	OK	OK	X	OK	X
9 Local Retail	OK	X	OK	X	OK	OK	X	X	OK	X	OK
10 Foreign Institutional	OK	X	X	OK	OK	X	OK	OK	X	OK	X
11 Local Institutional	OK	X	OK	X	OK	OK	X	X	OK	X	OK

The above matrix is subject to the Guidelines on Trade Amendments, subparagraph no. 8. Flags listed on the vertical row are the original entry.

7. Nationality of Error accounts shall correspond to the nationality of the TP.
8. Generally, trade amendment from Client account to Proprietary account is not allowed. However, pursuant to the Trading Rules on Error Transactions, in case a TP with broker-dealer license does not maintain an Error account, the TP may amend a trade from Client account to Proprietary account.

**XVIII. BLOCK SALES (See Article VI, Section 3 of the Revised Trading Rules)**

1. Block Sale transactions can only be executed through the facilities of the Exchange upon compliance with the requirements under the Revised Trading Rules and these Implementing Guidelines:
  - a. Regular Block Sale transactions must fully comply with the following conditions:
    - i. The value of transaction shall be no less than PhP20 million;
    - ii. The price for the Security shall not be more than five percent (5%) above or below the Last Adjusted Closing Price (LACP);
    - iii. Prices must not exceed four (4) decimal places;

- iv. The volume may be non-multiples of the board lot;
  - v. Settlement shall be within the execution date (T+0).
- b. Special Block Sale transactions must fully comply with the following conditions:
- i. Value of transaction shall be no less than PhP50 million;
  - ii. Prices must not exceed four (4) decimal places;
  - iii. Volume may be non-multiples of the board lot;
  - iv. The underlying agreement and other supporting documents shall be provided by the selling Trading Participant to the Exchange;
  - v. If there is no settlement made on the Block Sale transaction prior to the filing of the Block Sale Transaction form with the Exchange, the settlement shall be on execution date (T+0), unless otherwise agreed upon by the parties in their agreement.
2. Prior to execution of a Block Sale transaction, the Trading Participant shall submit to the Exchange a duly executed Block Sale application form containing the details of the transaction and a certification/undertaking that the Block Sale facility of the Exchange is not being used to circumvent the provisions of the National Internal Revenue Code of 1997. The selling Trading Participant shall file the Block Sale Transaction form in case of an inter-firm Block Sale Transaction.
3. The Block Sale application form shall be filed with the Exchange within thirty (30) days of the closing date or execution date, whichever comes later.
4. The TP can execute the Regular Block Sale anytime during trading hours; provided, that the TP has submitted, no later than 12 noon, a duly executed block sale application for Regular Block Sales before actual execution of the Block Sale. The Exchange shall approve or disapprove the regular Block Sale within thirty (30) minutes from receipt of the application form. The prior approval of the PSE MOD head or his duly authorized representative is required.
5. The Exchange shall approve or disapprove a Special Block Sale application within two (2) working days from receipt of the application form. For a special Block Sale, the prior approval of the Chief Operating Officer (COO) or his duly authorized representative is required.
6. Subject to the requirements of item 2 above, the TPs shall execute a regular Block Sale by entering a trade declaration in the Trading Confirmation System (TCS) of the Trading System prior to Market Close. On the other hand, the PSE Market Control Department of the Exchange shall execute a special Block Sale in the Trading System.
7. The following mandatory fields in the TCS shall be filled up by the Trading Participant:
- a. Side
  - b. Security
  - c. Quantity
  - d. Price
  - e. Counterpart Member Code
  - f. Client Account ID
8. If a TP is restricted due to Trader Value Limits in executing a regular Block Sale, the TP may either request for a temporary lift of the Trader Value Limits or request the PSE Market Control Department to execute the said Block Sale on its behalf.



9. In case a TP experiences technical difficulty, the TP must request the PSE Market Control Department to execute the regular Block Sale on its behalf.
10. In case of failure of a counterparty TP in an inter-firm regular Block Sale transaction to respond within fifteen (15) minutes from the time of the trade declaration, the Trading System will automatically eliminate the subject trade declaration.
11. The TPs shall promptly report to the PSE MRD the fact of settlement of the Block Sale transaction in accordance with their agreement. If TPs are unable to settle their obligations within settlement date, the defaulting TPs shall be penalized in accordance with the rules of the Exchange.
12. In the event a Block Sale transaction with pre-determined execution date is approved, then upon approval of the Block Sale request, the MOD shall inform the public through the PSE website that a block sale has been approved by the Exchange. The information shall also contain the details on the Securities, number of Securities, execution price, execution value, and date of execution.
13. No later than five (5) trading days from the execution date of the Block Sale, the executing TPs shall disclose to the PSE MRD the identity of all the clients who transacted on the Security from the time the Block Sale request was filed with the Exchange.
14. The following procedures shall apply in executing a Block Sale transaction:
  - a. The Block Sale/s shall be executed within five (5) minutes from the approval by the Exchange of the application;
  - b. If approval is received after trading hours, MOD shall inform the public through the PSE website of the approval of the Block Sale by the Exchange. The Block Sale will be executed during Market Pre-Open of the following Trading Day;
  - c. Delay in the execution of Block Sale may be allowed only in the following instances:
    - i. If there is a potential problem that would affect the overall transaction or settlement of the trade. However, the requesting TP must immediately and officially inform the MOD of its request to delay the execution of its approved Block Sale and state the reason.
    - ii. If the execution date is pre-determined upon submission of request as stated in the application form. However, on execution date, the approved Block Sale must be executed during Market Pre-Open Period.

**XIX. SECURITY STATES (See Article VII of the Revised Trading Rules)**

**Freezing of Security in relation to Price Movements**

1. Whenever the price of any Order breaches the Trading Threshold of a Security during any Trading Day, the trading of such Security will be frozen.
2. During this Security state, Orders cannot be posted, modified or cancelled.
3. All Orders causing the freezing of a Security shall be subject to PSE Market Control Department action and shall be governed by the provisions set forth:

- a. PSE Market Control Department shall act upon a frozen Security immediately or no later than five (5) minutes from the time of freezing.
  - b. If a Limit Order has been partially matched and the remaining portion would breach the Dynamic Threshold (DT), all intermediate trades (or trades within the DT) shall be accepted and be deemed as trades. In the case of the remaining Order that breaches the DT, provided the percentage difference in price between the breaching Order and the Last Traded Price in the intermediate trades is not more than the DT set for that Security, the PSE Market Control Department shall automatically accept the breaching Order. If the Order is not within the allowed percentage difference in price, the PSE Market Control Department shall contact the TP and confirm the validity of the breaching Order.
  - c. If the price of the Limit Order is at the Best Bid or Offer (BBO) prices and is beyond the DT, the Order will be automatically accepted by the PSE Market Control Department.
  - d. If a Cross Transaction breaches the DT, the Cross Transaction will be automatically accepted by the PSE Market Control Department.
  - e. Any Order that breaches the DT five (5) minutes prior to Market Pre-Close shall automatically be rejected by the PSE Market Control Department.
  - f. In case the PSE Market Control Department is unable to contact the TP within the five (5) minute period stated above, the PSE Market Control Department will automatically reject the Order and thaw the Security.
4. Breaching the Dynamic Threshold of a particular Security of the same TP for more than three (3) times involving different Orders during the same Trading Day shall be deemed as a minor violation.

### **Reservation of Security**

1. Reservation of Securities is automatically triggered by any of the following:
  - a. Absence of an Indicative Opening Price and there exists a Market-on-Opening Order;
  - b. There is an unfilled Market Order upon opening of the Market; or
  - c. The Indicative Opening Price breaches the Static Threshold.
2. Reservation shall be manually imposed by the Exchange in the event suspension of the Security is to be lifted and shall be governed by the Security Halt and Suspension Matrix as provided below.
3. Orders, other than Cross Transactions, can be posted, modified and cancelled notwithstanding the reservation of a Security.

### **Trading Halt**

1. The Exchange or the SEC may halt the trading of a Security pursuant to existing Exchange rules, applicable laws and regulations.
2. Trading Halt shall mean a temporary stoppage in the trading of a Security not lasting longer than one Trading Day.

3. Orders, other than Cross Transactions, can be posted, modified and cancelled notwithstanding the Trading Halt of a Security.
4. 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.
5. The PSE Market Control Department shall closely coordinate with the IRD and MRD on corresponding market control actions which necessitate timely and appropriate disclosure from the Issuer and TPs.
6. In case of a Trading Halt, the PSE shall simultaneously execute the Trading Halt and notify the market participants of the same action.
7. Prior to lifting the Trading halt, the PSE Market Control Department shall notify the market participants of the time at which trading of the suspended Security will resume.
8. All actions relating to Trading Halt shall be governed by the Security Halt and Suspension Matrix in these Guidelines.

### **Trading Suspension**

1. The Exchange or the SEC may suspend the trading of a Security pursuant to existing Exchange rules, applicable laws and regulations.
2. Orders cannot be posted, modified or cancelled for a Security that is suspended.
3. The trading of any warrant, PDR or any Security that directly derives its value from the Security subject of the trading suspension shall also be suspended.
4. No TP shall, directly or indirectly, carry out any action involving a suspended Security.
5. When a Security is suspended, all posted Orders for such Security shall be purged upon suspension.
6. In case of trading suspension, the PSE shall simultaneously execute the trading suspension and notification to the market participants of the same action.
7. The PSE Market Control Department shall notify the market participants of the time at which trading of the suspended Security will resume.
8. PSE Market Control Department shall closely coordinate with the IRD and MRD on corresponding market control actions that necessitate timely and appropriate disclosure from the Issuer.
9. All actions relating to Trading Suspension shall be governed by the Security Halt and Suspension Matrix in these Guidelines.

## Security Halt and Suspension Matrix

SECURITY HALT AND SUSPENSION MATRIX		MARKET CONTROL ACTION
Case 1		
Day 1:	Security halted at start/middle of day, no compliance at EOD	Halt Security
Day 2:	Still no compliance (if issuer complied, rule below shall apply)	Suspend Security
Day 3:	a) If Issuer complied within the allowable time-period*	Trading resumption***
	b) If Issuer failed to comply within the allowable time-period**	50 minutes suspension****
		10 minutes reservation*****
Case 2		
Day 1:	Security halted at start/middle of day	Halt Security
	Within the day, compliance was made within the allowable time-period	Trading resumption
Case 3		
Day 1:	Suspension either voluntary or Exchange initiated	Suspension
Day 2:	a) If Issuer complied within the allowable time-period*	Trading Resumption***
	b) If Issuer failed to comply within the allowable time-period**	50 minutes suspension****
		10 minutes reservation*****

\* Before 4 pm of the preceding or same day, depending on the scenario.

\*\* After 4 pm of the preceding or same day, depending on the scenario.

\*\*\* Trading to resume during Market Pre-Open Period of the corresponding day.

\*\*\*\* Prior to lifting of Trading suspension, Trading will be suspended for fifty (50) minutes, and will be reserved ten (10) minutes thereafter.

## XX. MARKET HALT (See Article VIII, Section 2)

1. The Exchange may halt trading in the market if at least one-third of the TP-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.
2. In the event of a Market Halt lasting thirty (30) minutes or more, the Exchange shall extend the trading hours.
3. The Exchange shall inform all TPs of the lifting of the Market Halt at least five (5) minutes before actual lifting.
4. In the case of half-day trading, extension of trading shall be governed by the following guidelines:
  - a. 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

- b. Subject to subparagraphs 1 and 2 above, in reference to extension of trading hours, in the event Market Halt is triggered from 9:00 am to 9:15 am, the first ten (10) minutes of the extension shall be allotted to Market Pre-Open Period upon resumption of trading. The 10-minute allotment shall comprise five (5) minutes Pre-Open Period and five (5) minutes Pre-Open No Cancel Period.
- c. Subject to subparagraphs 1 and 2 above, in the event Market Halt is triggered from 9:15:01 am to 9:30 am, 5 minutes of the extension shall be allotted to Pre-Open No Cancel Period.
5. Notwithstanding subparagraph 2 above, in the event of Market Halt occurring in the last twenty nine (29) minutes of the Trading Day, the following guidelines shall apply:
- a. Market Halt which lasts beyond 12:10 pm will result in suspension of trading in the market.
- b. In the event the Market Halt is triggered from 11:41 am to 11:57 am and trading in the market resumes before 11:57 am, the duration of Market Pre-Close shall be reduced to two (2) minutes. The remaining market periods will be scheduled as follows:

Continuous Trading	From time of resumption to 11:58 am
Market Pre-Close	11:58 am to 11:59 am
Market Pre-Close No Cancel	11:59 am to 12:00 nn
Trading-at-Last	12:00 nn to 12:10 pm

- c. In the event the Market Halt is triggered from 11:41 am to 11:57 am and trading in the market resumes during Market Pre-Close (11:57 am to 12:00 nn), the remaining market periods will be scheduled as follows:

Continuous Trading	From time of resumption to 12:03 pm
Market Pre-Close	12:03 pm to 12:04 pm
Market Pre-Close No Cancel	12:04 pm to 12:05 pm
Trading-at-Last	12:05 pm to 12:10 pm

- d. Notwithstanding subparagraph 2, in the event the Market Halt is triggered from 11:41 am to 11:57 am and trading in the market resumes during Trading-at-Last (12:00 nn to 12:10 pm), there shall be a ten (10)-minute extension. The remaining market periods will be scheduled as follows:

Continuous Trading	From time of resumption to 12:13 pm
Market Pre-Close	12:13 pm to 12:14 pm
Market Pre-Close No Cancel	12:14 pm to 12:15 pm
Trading-at-Last	12:15 pm to 12:20 pm

- e. In the event Market Halt is triggered from 11:57 am to 12:00 pm and trading in the market resumes during the first half of Trading-at-Last Period (12:00 nn to 12:05pm), there shall be

no extension. The remaining market periods will be set as follows:

Market Pre-Close	1 minute from time of resumption
Market Pre-Close No Cancel	1 minute after Market Pre-Close
Trading-at-Last	From end of Market Pre-Close No Cancel to 12:10 pm

- f. Notwithstanding subparagraph 2, in the event Market Halt is triggered from 11:57 am to 12:00 pm and trading in the market resumes during the last half of Trading-at-Last Period (12:05 pm to 12:10 pm), there shall be a five (5) minute extension. The remaining market periods will be set as follows:

Market Pre-Close	1 minute from time of resumption
Market Pre-Close No Cancel	1 minute after Market Pre-Close
Trading-at-Last	From end of Market Pre-Close No Cancel to 12:15 pm

6. If there is a CCG system failure, the Exchange shall halt the market for the period that the CCG System is down. The Exchange shall also halt the market ten (10) minutes after the system failure has been resolved to ensure that all necessary actions have been executed. In such event, the following procedures shall be observed:
- a. The concerned department shall confirm with BSSCD the problem on CCG;
  - b. BSSCD will advise all CCG clients of the problem and provide them with Market Control contact numbers for coordination in terms of pending Orders;
  - c. Market Control will act on the active Orders upon receipt of CCG client’s request, provided the request is in accordance with the Revised Trading Rules on Order Cancellation.

**XXI. TECHNICAL CONTINGENCIES**

All TPs shall maintain a back-up trading terminal connected to the Disaster Recovery site of the Exchange to ensure business continuity in the event of disaster.

**XXII. CUSTOMER COMMON GATEWAY**

1. Design Guidelines

- a. A TP has the option to develop or purchase a Front-End Order Management System (FEOMS), provided that it meets the following requirements:
  - i. If the TP opts to develop the FEOMS, then the system must first be certified by PSE prior to it being allowed to be used for live trading.
  - ii. If the TP chooses to purchase the FEOMS, then the TP is responsible for evaluating, selecting and purchasing a certified FEOMS from a Solution Vendor (“Vendor” or “SV”).
- b. The software must conform to the provisions of the PSE Revised Trading Rules and any subsequent guidelines, restrictions and amendments issued by the PSE.

- c. The software can be developed, upgraded, and operated on any hardware and operating system.
- d. The software may accept or internally process other types of Orders. However, only Order types that are offered and/or used by the PSE Trading System shall be forwarded and accepted.
- e. It is the TP and/or SV's responsibility to determine the optimum server size and capacity based on the TP's projected volume of transactions and system loading.
- f. The SV shall notify the PSE in writing of any planned software development and/or changes before system re-certification can take place. No new software development/changes can be implemented without successfully undergoing re-certification by the PSE. The PSE assures the confidentiality of all information on the SV's product development plans.
- g. Only one FEOMS log-in to the CCG System is allowed per TP.
- h. The PSE reserves the right to impose message flow controls for the FEOMS, should the need arise.

## 2. System Features

- a. The FEOMS software must provide at the minimum an Order entry and cancellation facility. However, the software can have other functions and features that would enhance the trading operational capability of the TP such as, but not necessarily limited to, client database maintenance, credit limit checking and integration to TP's back-office systems.
- b. The FEOMS must provide a utility to capture all incoming and outgoing messages between the FEOMS and the CCG System.

## 3. Connectivity Guidelines

- a. The FEOMS will have at a minimum one physical link to the PSE CCG server. The link should comply with the minimum bandwidth required by the Exchange. The TPs will have the option to connect backup lines at their own expense.
- b. PSE shall provide TPs and SVs the message specifications for the CCG interface.
- c. PSE will provide the PSE routers at the PSE site for the CCG connection. The router on the TP end would have to be provided by the TP, which should be compatible with the PSE standard router.
- d. For FEOMS testing, demonstration and certification, PSE can provide the TP/SV a temporary connection to the CCG subject to testing, demonstration, certification rules, and availability. The TP will provide all proper connection equipment and other lines to be used in this activity.
- e. PSE will provide the TP with the required router configuration for connectivity. However, the TPs must allow PSE to perform additional configuration on their FEOMS router for the purpose of securing the CCG network.

#### 4. FEOMS Trading Operation Guidelines

- a. The TP must use a PSE-certified FEOMS. The TP must sign a FEOMS Agreement with PSE before it can be connected to the PSE Trading System for live trading sessions.
- b. PSE will not be liable in any way to any party for any failure of the FEOMS, or any of its related components, used by the TP.
- c. In case of CCG failure on the part of the PSE, a set of procedures designed for this eventuality shall be implemented.
- d. PSE has the sole prerogative to immediately disconnect the TP's FEOMS link to the CCG if the FEOMS used by the TP or any component thereof causes any problem to the PSE Trading System. PSE shall not be liable to the TP or any other party should such disconnection take place.
- e. The TP shall honor all transactions that it has entered using its FEOMS.
- f. The TP shall provide the PSE with the following:
  - i. a list of its clients who are using its FEOMS terminals, with the obligation on the part of the TP to update the PSE regarding any changes to the client list; and
  - ii. a copy of the risk management procedures implemented by the TP for these clients.
- g. PSE strictly prohibits a bureau-service type operation of the FEOMS used by the TP.
- h. The TP is prohibited from modifying any additional configuration settings done by the PSE on its FEOMS router located in the TP's offices or data center without prior written approval from the PSE.

#### 5. Vendor Responsibility

- a. Only SVs with PSE-certified FEOMS are allowed to offer their systems to the TPs.
- b. The Vendor must sign an Affidavit of Undertaking with the PSE to ensure its continuing commitment to:
  - i. Maintain the necessary or required software;
  - ii. Modify the system for any PSE-initiated changes within the specified time mandated by PSE;
  - iii. Notify the PSE in writing of any planned software development or changes; and
  - iv. Ensure that only PSE-certified software versions are installed by the SVs.

#### 6. System Certification

- a. System certification is subject to testing schedules and guidelines set by the PSE Market Operations Division.
- b. System certification is conducted to validate the capability of the FEOMS to operate with the PSE Trading System, as well as to ensure that the software will not cause any problems to the



- c. System certification shall be done for each software version/release of the FEOMS of the Vendor or TP.
- d. The FEOMS must pass the System Certification process before it can be used by the TP for live trading sessions with the PSE Trading System.
- e. PSE has the sole prerogative to define the criteria in certifying the FEOMS of the TP.
- f. PSE will issue a certificate to the TPs and SVs whose FEOMS have passed the certification process.

#### 7. System Re-certification

- a. The TP or SV must notify the PSE in writing of any enhancements on the certified software version as a result of TP/Vendor product developments, modifications, or PSE-initiated change requests. Such notification must contain complete details of all the enhancements. PSE shall maintain the information received in confidence.
- b. PSE reserves the right to determine whether the software modifications on the previously certified FEOMS are significant to merit re-certification.
- c. Changes which would require re-certification shall not be allowed by PSE to be implemented for live trading until the FEOMS has completed and passed the re-certification process.
- d. PSE reserves the right to require all TPs and SVs to re-certify their FEOMS platforms for PSE- initiated or mandated changes.
- e. PSE will not connect FEOMS that has not successfully completed the re-certification process due to any software changes.

#### 8. System Demonstration

- a. The PSE shall allow Vendors to connect to the PSE Trading System to demonstrate to their prospective TP customers the capabilities, functionalities and features of their PSE-certified FEOMS, subject to testing schedules, guidelines, and corresponding charges.
- b. The Vendors and/or TPs shall follow the schedule provided by the PSE upon the request of the former for system demonstration.

#### 9. System Testing

- a. For systems development, the SV or TP will be allowed to connect and test its FEOMS with the PSE Trading System, subject to testing schedules, guidelines, and corresponding charges which may be approved by the PSE from time to time. The same procedure shall apply for the testing of new functions, features or enhancements to the FEOMS which are TP, SV or PSE-initiated.

- b. During the systems testing sessions, the PSE shall exert reasonable efforts to assist the TP or Vendor in identifying trading and technical related problems.
- c. PSE shall not be liable for any errors or problems that might occur to or in connection with the FEOMS being tested.

10. Testing, Demonstration and Certification Schedule

- a. PSE has the sole prerogative to schedule, re-schedule, cancel, render overtime and extend testing dates/times of system testing, system certification, and system demonstration sessions.
- b. Testing, demonstration and certification are subject to testing schedules provided by the PSE. The PSE may re-schedule these at any time and for any reason.
- c. SVs and TPs are subject to testing, demonstration and certification charges, as may be approved by the PSE from time to time.

**XXIII. Remote PAM**

The TP shall strictly comply with the Remote PAM Trading Terminal Requirements that the PSE may issue from time to time.

**XXIV. WebPAM**

The TP shall strictly comply with the WebPAM Requirements that the PSE may issue from time to time.

**THE PHILIPPINE STOCK EXCHANGE, INC.:**

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**VAL ANTONIO B. SUAREZ**  
Chief Operating Officer

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**ROEL A. REFRAN**  
General Counsel

**SECURITIES AND EXCHANGE COMMISSION:**

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**JOSE P. AQUINO**  
Director, Market Regulation Department