

ASEAN+3 MULTI-CURRENCY BOND ISSUANCE FRAMEWORK

Implementation Guidelines for the Philippines

ASEAN+3 BOND MARKET FORUM
SUB-FORUM 1 PHASE 3 REPORT

August 2015



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6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 632 4444; Fax +63 2 636 2444
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Abbreviations

ABMF	ASEAN+3 Bond Market Forum
ADRB	AMBIF Documentation Recommendation Board
AMBIF	ASEAN+3 Multi-Currency Bond Issuance Framework
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN plus the People's Republic of China, Japan, and the Republic of Korea
BSP	Bangko Sentral ng Pilipinas
FX	foreign exchange
IRR	Implementing Rules and Regulations (of the SEC)
MORB	Manual of Regulations for Banks
MORFXT	Manual of Regulations on Foreign Exchange Transactions
MTN	medium-term note
OTC	over-the-counter
OTC Rules	SEC rules governing the OTC market
PDEx	Philippine Dealing & Exchange Corp.; exchange-like OTC marketplace
PDS	Philippine Dealing System Holdings Corp.
PDTC	Philippine Depository & Trust Corp.
PhilRatings	Philippine Rating Services Corporation
PHP	Philippine peso (ISO Code)
QB	Qualified Buyer
SEC	Securities and Exchange Commission
SF1	Sub-Forum 1 of ASEAN+3 Bond Market Forum
SRC	Securities Regulation Code
SRO	self-regulatory organization
SSF	Single Submission Form
USD	US dollar (ISO Code)

AMBIF Elements in the Philippines

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in the Philippines.¹

Summary of AMBIF Elements

The bond market in the Philippines features many of the attributes of a professional market in the context of AMBIF, such as the well-defined Qualified Buyers (QB) and Qualified Securities exemptions from full disclosure and related regulatory processes, and existing registration and listing processes. QB bond issuance, together with enrollment on Philippine Dealing and Exchange (PDEX), is presently deemed to best represent the intentions of the AMBIF Elements.

Table 1 identifies the features or practices of the domestic bond market in the Philippines that directly correspond or are equivalent to the key elements of AMBIF.

Description of AMBIF Elements and Equivalent Features in the Philippines

Domestic Settlement

AMBIF

AMBIF is aimed at supporting the domestic bond markets in ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository. Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

In the Philippines

The Philippine Depository & Trust Corp. (PDTC) is the designated central depository for equities and corporate bonds and notes. With the exception of a number of corporate notes that are not listed on PDEX, PDTC settles and provides safekeeping for all fixed-income instruments traded on PDEX. Both entities are subsidiaries of Philippine Dealing System Holdings (PDS).

¹ ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table 1: AMBIF Elements and Equivalent Features in the Philippines

AMBIF Elements	Brief Description	Equivalent in the Philippines
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	PDTC as depository and place of settlement for all eligible bonds and notes
Harmonized Documents for Submission (Single Submission Form)	A common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	Single Submission Form is acceptable but additional information and document(s) may be requested during the evaluation process, as necessary.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Enrollment of bonds or notes on PDEX required; includes continuous disclosure obligation by sponsor under Listing Rules; reference pricing for traded instruments available; Qualified Board (on PDEX) a possibility
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	Philippine pesos and US dollars
Scope of Issuers	Resident of ASEAN+3	Philippine and nonresident regional issuers, with BSP regulatory process dependent on type of issuer, residency, and currency of denomination
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3.	QB concept, as per Securities Regulation Code and provisions in the Manual of Regulations on Foreign Exchange Transactions, as may be applicable; includes foreign institutional investors

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; BSP = Bangko Sentral ng Pilipinas; CSD = central securities depository; PDEX = Philippine Dealing and Exchange; PDTC = Philippine Depository & Trust Corp.; QB = Qualified Buyer; SEC = Securities and Exchange Commission; US = United States.
Source: ABMF SF1.

Harmonized Documents for Submission (Single Submission Form)

AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals or consent, or used in the context of the submission (e.g., as a checklist), in anticipation of an AMBIF bond or note issuance.

In the Philippines

In the Philippines, the regulatory authorities and market institutions are expected to accept the SSF, though this would not preclude the possibility for additional information to be submitted to the authorities, if so deemed necessary.

The use of English is prescribed in Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) regulations, including the provisions related to PDEX.

Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)

AMBIF

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate the continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

In the Philippines

In the Philippines, the listing or enrollment of a bond or note on PDEX covers the listing or enrollment as well as trading processes and practices for debt instruments. According to PDEX Listing Rules (7.2.1), a listing or enrollment is possible for debt instruments issued by resident and nonresident issuers. A listing or enrollment of a note issuance program, such as a medium-term note (MTN) program, is principally possible but has not yet been requested in applications to PDEX.

A listing of a bond or note is for instruments open to all investors, and needs to be initiated by the issuer. In contrast, an enrollment is for bonds and notes aimed at Qualified Buyers (professional investors) only and may be initiated by the issuer or a trading participant; the party who enrolls a bond or note on PDEX, also referred to as the sponsor, is responsible for the disclosure of material information as stipulated in the PDEX Listing Rules.

A listing or enrollment of a bond or note on PDEX does not automatically require trading. However, should the issuer or sponsor of a bond or note enrolled on PDEX wish to trade the instrument, all trades must be done on PDEX. According to the Rules Governing the Over-the-Counter Market (OTC Rules) issued by the SEC in 2006, all OTC trading of debt instruments issued in the Philippines needs to occur in an SEC-authorized marketplace. PDEX is such an authorized marketplace. Hence, the listing or enrollment is a necessary step to ultimately trade a bond or note in the OTC market in the Philippines.

At the same time, PDEX also principally offers the feature of profile listing in the form of the so-called Qualified Board, which takes its name from its designation to enroll (by the issuer) only bonds or notes issued to professional investors.

Under the OTC Rules, the SEC conferred listing authority functions on PDEX. The PDEX Listing Rules compel the continuous disclosure of material information from issuers or sponsors of a bond or note listed or enrolled on PDEX. PDEX also publishes bond pricing information based on actual traded prices that have to be captured by deal parties within 1 minute of deal closure and reported in the Central Trade Reporting System within 15 minutes, as provided under Section 16 of the OTC Rules.

In addition, or as an alternative, the issuer may opt for a profile listing in another regional market in order to achieve listing status closer to an intended investor universe. This may be a consideration particularly if bonds or notes issued in the Philippines will be marketed and offered to professional investors in other ASEAN+3 markets. In such cases, the professional investor would be able to obtain continuous disclosure information via the listing place and/or that market's mechanisms for information dissemination.

Currency

AMBIF

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports the other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

In the Philippines

In addition to settlement for bonds and notes issued in Philippine pesos, PDTC is also able to settle bonds and notes denominated in US dollars that are registered in the Philippines and listed on PDEX, as the Philippines features a domestic US dollar clearing system. In the past few years, PDEX has listed a number of USD-denominated bonds issued by the Philippine government.

Scope of Issuers

AMBIF

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

In the Philippines

The SEC does not differentiate between resident and nonresident issuers. All potential issuers need to file a Notice of Exempt Transaction with the SEC for the planned issuance of bonds or notes aimed at Qualified Buyers.

Nonresident issuers wishing to use the proceeds from a PHP-denominated bond or note in a foreign currency may require a policy decision by the SEC prior to filing a Notice of Exempt Transaction, which is described in more detail in Chapter III.

As for the purview of the BSP, rules applied on the issuance of bonds or notes may vary depending on whether the issuer is a resident or nonresident, and whether the bonds or notes are denominated in Philippine pesos or a foreign currency. In addition, if the issuer is a financial institution, other prudential considerations may apply.

For resident nonfinancial institution issuers, no prior BSP approval is required if bonds or notes and other similar instruments are denominated in pesos. For resident financial institution issuers, the issuance of bonds and notes denominated in pesos is allowed, subject to regulations governing the borrowing of banks under the provisions of the Manual of Regulations for Banks (MORB). However, if bonds or notes are denominated

in a foreign currency, prior approval is required for resident issuers (both financial and nonfinancial institutions).

Table 2: Overview of BSP Approvals for the Issuance of Bonds and Notes by Issuer Type

Issuer	Currency of Bond or Note Issuance	
	Philippine Peso	Foreign Currency
Resident nonfinancial institution	No prior BSP approval required	Subject to BSP approval prior to execution of transaction
Resident financial institution	Subject to regulations on the borrowing of banks under the Manual of Regulations for Banks	
Nonresident nonfinancial institution	Subject to BSP approval prior to execution of transaction	
Nonresident financial institution		

Source: Bangko Sentral ng Pilipinas (BSP).

For nonresident issuers, the issuance of bonds and notes or similar instruments (regardless of currency of denomination) requires BSP approval before execution of the transaction. Table 2 gives an overview of these approval criteria for easy reference.

Both resident and nonresident issuers may list or enroll their debt instruments aimed at Qualified Buyers on PDEX, depending on the SEC framework. For more details on PDEX and the regulatory processes of the BSP and SEC, please refer to Chapters II and III, respectively.

Scope of Investors

AMBIF

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

In the Philippines

In the Philippines, the Securities Regulation Code (SRC), Section 10.1 describes professional investors as Qualified Buyers. Concessions on disclosure and obligations under the Qualified Buyer concept are prescribed in this section. At this point in time, the issuance of bonds or notes to Qualified Buyers, generally referred to as QB bonds, constitutes the professional bond market in the Philippines. The descriptions of regulatory processes included in Chapter III are for QB bond issuance only.

The SRC deals with so-called Exempt Transactions—circumstances under which concessions from the full disclosure and approval processes of the SEC are available. Section 10.1 (I) prescribes exemptions from full disclosure and the related approval process when issuing bonds or notes to the following institutions, thereby decreeing them as professional investors:

1. banks;
2. registered investment houses;
3. insurance companies;
4. pension funds, retirement schemes, and BSP authorized trusts;
5. investment companies; and
6. other institutions as determined by the SEC.

There is no distinction in the SRC, or in the SEC's Implementing Rules and Regulations (IRR), between domestic and foreign professional investors.

For investments in bonds or notes issued domestically, the following BSP rules shall apply:

1. In cases of investments in PHP-denominated bonds and notes issued by residents:
 - a. investments by residents may be done without BSP approval; and
 - b. investments by nonresidents may, likewise, be done without prior BSP approval, subject to registration only if the foreign exchange (FX) to service repatriation of capital and related earnings will be sourced from the authorized agent banks and/or the banks' FX corps.
2. In cases of investments in PHP-denominated bonds and notes issued by non-residents:
 - a. investments by residents may be done without BSP approval; and
 - b. investments by nonresidents are not expressly allowed under existing rules; thus, prior BSP approval is required.
3. In cases of investments in FCY-denominated bonds and notes issued domestically by residents:
 - a. investments by residents are not allowed under existing rules since transactions in FX between nonfinancial institutions are prohibited if FX comes from the banking system; and
 - b. investments by nonresidents may be done without BSP approval.
4. In cases of investments in FCY-denominated bonds and notes issued onshore by nonresidents, investments (by both residents and nonresidents) may be done but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system.

Table 3 gives an overview of the abovementioned approval criteria for investment in bonds and notes issued in the Philippines.

Table 3: Overview of BSP Approvals for Investors in Bonds and Notes

Investor	Issuer	
	Resident	Nonresident
PHP-denominated bonds and notes		
Resident	Allowed	Allowed
Nonresident	Allowed, subject to registration	Prior BSP approval is required
FCY-denominated bonds and notes		
Resident	Not allowed if FX is sourced from the Philippine banking system	Allowed, but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system
Nonresident	Allowed, but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system	

FCY = foreign currency, FX = foreign exchange, PHP = Philippine peso.

Source: Bangko Sentral ng Pilipinas (BSP).

AMBIF Bond and Note Issuance: Relevant Features in the Philippines

In addition to the market features corresponding to the AMBIF Elements, a number of general Philippine market features for AMBIF bond and note issuance to professional investors (Qualified Buyer) need to be considered, and are described in this chapter.

Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have some relevance in the context of AMBIF, since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note was issued under the laws of the place of issuance. However, it is necessary to point out that provisions related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

The civil code of the Philippines permits the use of governing laws or jurisdictions other than those in the Philippines in contracts, provided that such provisions do not contravene any existing Philippine laws.

Should the parties involved in a bond or note issuance choose to use Philippine law, the jurisdiction of the issuance would fall to Philippine courts by default. If, in contrast, issuance parties agree on another governing law, the parties would also have to specifically determine the jurisdiction of a court in which provisions of the bond or note issuance (e.g., settlement agency) could be enforced and any disputes would be heard and decided.

In the case of issuance of PHP-denominated bonds or notes in the Philippines, even in cases when contract parties choose a governing law other than Philippine law for the contract, it is expected that Philippine law would prevail as the law specific to issuance- and settlement-related matters.

In any case, the actual use of governing laws or jurisdictions other than those of the Philippines may be subject to clarification or legal advice from a qualified law firm, as may be necessary.

Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require

the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to local language and formats, may be sought.

In the Philippines, English translation shall be used in all documentation with regard to the issuance of bonds or notes.

Credit Rating

Bonds and notes to be listed or enrolled on PDEX require a credit rating in line with the credit rating requirements stipulated by the SEC and BSP.

In its Memorandum Circular No. 7 released in March 2014, the SEC announced the Guidelines on the Accreditation, Operations and Reporting of Credit Rating Agencies, which govern the two domestic credit rating agencies, Philippine Rating Services (PhilRatings) and Credit Rating and Investors Services Philippines, in addition to an acceptance of international credit rating agencies.

Under BSP regulations, unsubordinated debt requires a rating of at least AA on the Philippine domestic credit rating scale. PhilRatings is the first domestic credit rating agency to be recognized by the BSP, based on minimum eligibility criteria for bank supervisory purposes. The BSP also accepts credit ratings from Fitch Ratings, Moody's, and Standard & Poor's, as well as Fitch Singapore. PDEX accepts credit ratings from a credit rating agency duly recognized by the applicable regulatory authorities.

Unrated bonds and notes are possible under present regulations and may be listed on the PDEX Qualified Board; however, it has been observed that potential AMBIF investors may prefer for bonds and notes to have a credit rating.

Selling and Transfer Restrictions

Selling and transfer restrictions for the issuance of bonds or notes to professional investors are well defined in the identified professional market segment in the Philippines (Qualified Buyers and Qualified Securities).

Pursuant to SRC Sections 9 and 10, the IRR published by the SEC prescribe a template and specific provisions on the use of that template, and define the selling and/or transfer restrictions when issuing bonds or notes to Qualified Buyers.

To further ensure that an exemption claimed by an issuer under Section 10.1 of the SRC when issuing bonds or notes aimed at Qualified Buyers, the SEC also looks to the underwriter—licensed by the SEC—to observe the applicable provisions and selling and transfer restrictions under the law.

In all offer documents and related correspondence to Qualified Buyers, including the term sheet of a proposed bond or note issue, an issuer must make explicit reference to SRC Section 10.1 (L) and give their commitment that said offer is limited to Qualified Buyers, thereby constituting an Exempt Transaction under the law. The IRR related to SRC Section 10.1 (1.c) prescribe the following statement in bold face and prominent type:

The securities being offered or sold have not been registered with the Securities and Exchange Commission under the Securities Regulation Code, any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an Exempt Transaction.

In addition, appropriate selling or transfer restrictions will need to be printed on the actual issued instrument, typically global or jumbo certificate(s) in bold font if certificates are to be issued. However, Philippine company law does not require the physical issuance of certificates.

If a bond or note is listed or enrolled on PDEX, as discussed in Chapter I, the observance of applicable selling and transfer restrictions is part of the explicit warranties that issuers and participants give to PDEX when signing up. PDEX also requires all its listing or enrollments to be dematerialized; hence, no certificates means that no explicit selling restrictions will need to be printed.

There are no distinctions between domestic issuers and nonresident issuers with regard to selling or transfer restrictions and their observance.

Note Issuance Program

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices of the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

At this stage, the issuance of PHP-denominated domestic bonds and notes to professional investors via an MTN program is not evident in the Philippine market. However, a listing or enrollment on PDEX, for example, would be possible as USD-denominated note issuance programs have been evident in the Philippines for some time. In addition, a shelf-registration concept exists, though this is not directly comparable to shelf-registration concepts typically practiced in other markets.

Private Placement

A typical definition of a private placement is the issuance of bonds or notes to professional investors under exemptions or concessions from full disclosure or defined regulatory processes. In this context, bonds or notes aimed at Qualified Buyers (QB bonds), or those classified as Exempt Transactions, typically fulfill the traditional expectations of a private placement concept in which the target group is professional investors and the issue is subject to exemption from full disclosure under applicable regulations and, in the case of the Philippines, registration with the SEC. Hence, QB bonds can be considered as being private

placements. The previous definition for private placement in regulations and market practice is no longer in use in the Philippines.²

Information and disclosure requirements for QB bonds and Exempt Transactions are defined in line with expectations from market participants on private placements. The IRR related to SRC Section 10.1(k), Subsection 4.d prescribe the Restrictions for Exempt Transactions—such as QB bonds—and require that the following information be provided to potential investors:

1. the exact name of the issuer and its predecessor, if any;
2. address of its principal executive offices;
3. place of incorporation;
4. exact title and class of the security;
5. par or stated value of the security;
6. number of shares or total amount of securities outstanding at the end of the issuer's most recent fiscal year;
7. name and address of the transfer agent;
8. nature of the issuer's business;
9. nature of products or services offered;
10. nature and extent of the issuer's facilities;
11. name of the chief executive officers and members of the board of directors;
12. issuer's most recent balance sheet and profit and loss and retained earnings statement for each of the preceding 2 fiscal years or such shorter period as the issuer (including its predecessor) has been in existence;
13. whether the person offering or selling the securities is affiliated, directly or indirectly, with the issuer;
14. whether the offering is being made directly or indirectly on behalf of the issuer, or any director, officer, or person who owns directly or indirectly more than 10% of the outstanding shares of any equity security of the issuer and, if so, the name of such person; and
15. information required under paragraph 1 of the relevant IRR.

In cases where the issuer is a reporting company under Section 17 of the SRC, a copy of its most recent annual report (SEC Form 17-A) may be used to provide any of the required information.

Facility Agent

Under the PDEX Listing Rules (7.3.8), debt securities to be listed or enrolled on PDEX must have a Facility Agent, or trustee. The issuer needs to appoint the Facility Agent. The duties of a Facility Agent follow for the most part the tasks normally associated with a bond trustee or

² Originally, the term “private placement” was only used in regulations and market practice in case of an issuance to a maximum number of 19 investors, regardless whether professional or not, owing to specific concessions existing for distributions to no more than this number of investors in the relevant tax regulations. Subsequently, market practice adopted the term “corporate notes” for such private placements. A 2012 Bureau of Internal Revenue ruling provided that issues with 19 investors or less are subject to a 20% creditable withholding tax. The SEC, in its revised IRR for the SRC introduced in early 2015, stopped using the term private placement.

bondholder representative. Key functions of the Facility Agent under the PDEX Listing Rules are as follows:

1. monitor the compliance by the issuer of all covenants of the issue;
2. act on behalf of the holders of securities in the event of any default of the issuer on any of the covenants; and
3. regularly report to the holders of the securities and to PDEX any of the following:
 - a. any change, impairment, or removal of deposited collateral;
 - b. acceleration of maturity of the issue;
 - c. any call for redemption;
 - d. noncompliance with sinking fund requirements, if any;
 - e. noncompliance with any covenant or condition of the issuer;
 - f. any event that will affect the obligations of the issuer under the issue; and
 - g. any other action of the issuer or other event that comes to the knowledge of the Facility Agent that may impair or affect the value of the security or instrument.

Incentive for Longer-Tenured Issuances

Present tax regulations encourage the issuance of debt instruments with a tenure in excess of 5 years in order to achieve a favorable tax consideration for distributions from such debt instruments. In consequence, the market has adopted a practice of issuing bonds with a maturity of 5 years and at least 1 day to provide investors with this concession.



AMBIF Bond and Note Issuance Process in the Philippines

This chapter describes the regulatory processes and necessary steps to be observed for the issuance of bonds and notes to Qualified Buyers in the Philippines.

Overview of Regulatory Processes

Regulatory Processes by Corporate Issuer Type

To issue bonds and notes to professional investors in the Philippines, typically referred to as QB bonds or Exempt Transactions, a number of regulatory processes need to be observed. A Notice of Exempt Transaction has to be filed with the SEC, regardless of the type of issuer. No approvals need to be obtained but the SEC reserves the right to request a confirmation of the eligibility of an Exempt Transaction at any time.

With respect to the BSP, the applicable rules and regulations on the issuance of bonds or notes in the domestic market depend on the (i) residency and type of issuer (whether financial or nonfinancial institution), and (ii) denomination of the bonds or notes.

In addition, the listing or enrollment of issued bonds and notes on PDEX is required to allow visibility and/or trading, and continuous disclosure and pricing. For more details, please refer to Chapter I.

Table 4 provides an overview of these regulatory processes by corporate issuer type. In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, the table features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

Regulatory Process Map: Overview

The regulatory process map shown in Figure 1 may help with the navigation of the applicable regulatory processes in the Philippines to be applied to a given proposed bond or note issuance. Individual processes are explained in detail below.

There is no requirement on the use of an underwriter for a bond or note offering to Qualified Buyers. However, if an issuer wants to appoint an underwriter, such underwriter must be licensed by the SEC.

At the same time, typically, the issuer is represented by an underwriter who will file or submit the necessary application for approval or relevant documentation to the respective regulatory authority and market institution on the issuer's behalf.

Table 4: Regulatory Processes by Corporate Issuer Type

Type of Corporate Issuer	SEC	BSP	PDEx
Resident issuer			
Resident nonfinancial institution	O		X
Resident financial institution ^{a,b}	O	X	X
Resident issuing FCY-denominated bonds and notes	O	X	X
Nonresident issuer			
Nonresident nonfinancial institution	O	X	X ^c
Nonresident financial institution	O	X	X ^c
Nonresident issuing FCY-denominated bonds and notes	O	X	X ^c

BSP = Bangko Sentral ng Pilipinas, FCY = foreign currency, PDEx = Philippine Dealing and Exchange, SEC = Securities and Exchange Commission.

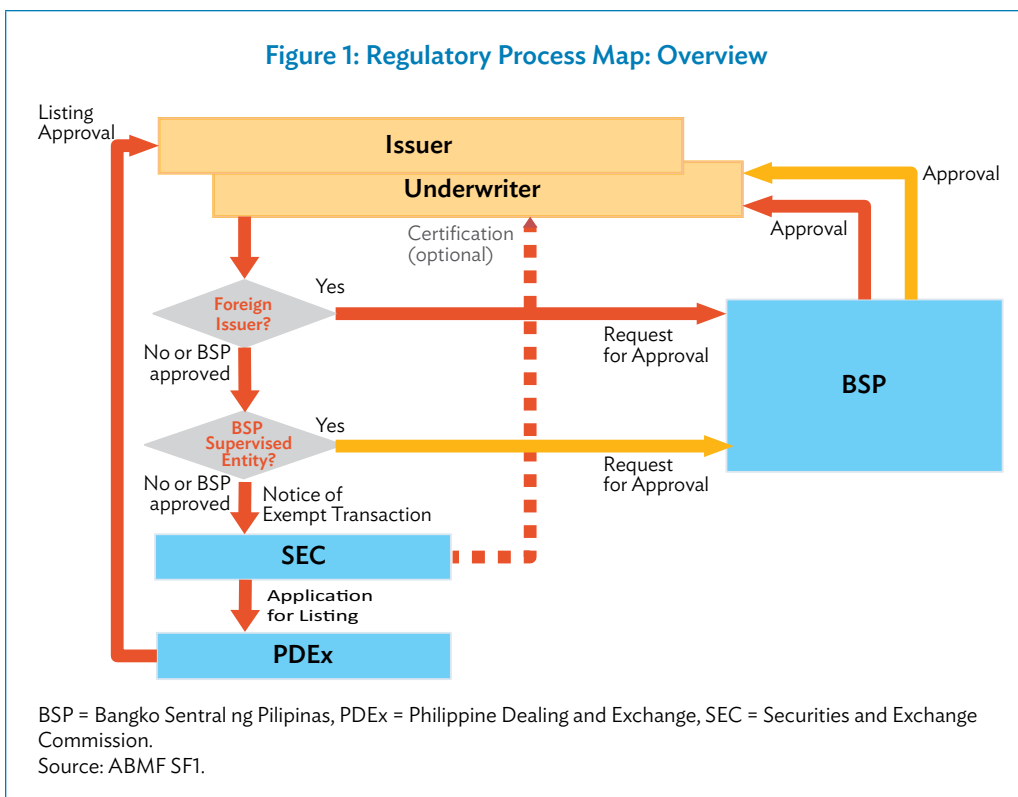
Notes: O indicates the need to file Notice of Exempt Transaction only; X indicates approval required.

^a Financial institutions may issue bonds and notes, subject to regulations governing the borrowing of banks under the provisions of the Manual of Regulations for Banks.

^b Resident financial institutions in the Philippines include branches of nonresident financial institutions that fall under the supervision of the BSP.

^c All matters related to nonresidents should abide by the BSP- and SEC-prescribed framework for nonresidents prior to PDEx approval.

Source: ABMF SF1.



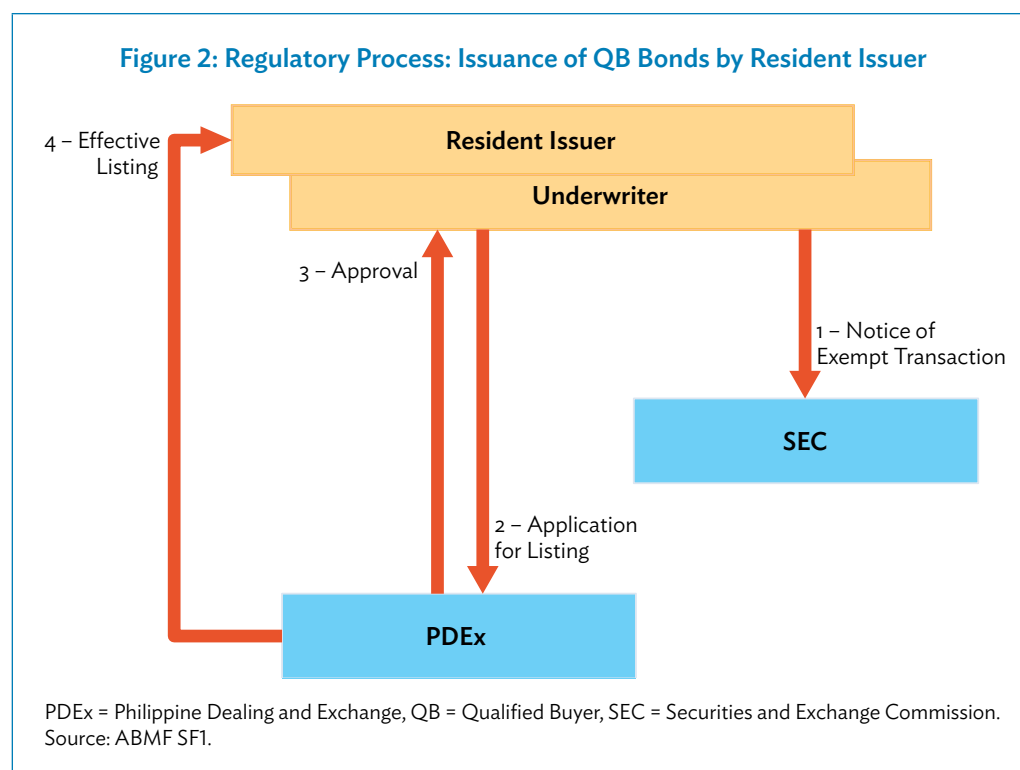
Issuance Processes in Local Currency

This section describes the issuance processes for PHP-denominated bonds and notes aimed at Qualified Buyers (QB bonds) in the Philippines. In contrast to the requirements for a public offering, the regulatory processes for QB bond issuances are fairly streamlined.

Distinctions are made according to the prescribed issuance processes for individual corporate issuer types in the Philippines. Sovereign issuers are not covered in this section.

Issuance Process for Resident Issuer (Other Than Financial Institution)

A resident issuer is defined as a corporate legal entity under the laws of the Philippines. The regulatory process for issuance of QB bonds by a resident is presented in Figure 2.



The following steps will need to be observed when a resident issuer wants to issue bonds or notes to professional investors (QB issuances) in the Philippines.

Step 1: Filing of a Notice of Exempt Transaction with the SEC

The issuer or underwriter of a bond or note aimed at professional investors (Qualified Buyers) in the Philippines will need to file a Notice of Exempt Transaction with the SEC.

If the issuance of a bond or note is considered a repeat issue under a shelf-registration or other bond or note issuance program, a separate Notice of Exempt Transaction would not need to be filed.

The SRC, Section 10.3 prescribes that, in order for an issuer to secure an exemption from the official registration of debt instruments with the SEC (public offer and full disclosure), an issuer must file a notice on which exemption under Section 10 is relied upon to qualify as an Exempt Transaction. This process is called Filing of a Notice of Exempt Transaction.

The cover letter for the Filing of a Notice of Exempt Transaction is SEC Form 10.1. Further details are contained in the IRR of the SRC, the latest version of which came into effect in February 2015. Since Form 10.1 is a physical format, a copy is attached in Appendix 1 of the AMBIF Implementation Guidelines for the Philippines for easy reference. However, not all fields in Form 10.1 relate to a Notice of Exempt Transaction.

The issuer or its underwriter needs to file five copies of SEC Form 10.1 with the SEC, one of which needs to be manually signed by a duly authorized person who, in case of a juridical person, shall be the president or equivalent in the jurisdiction of a nonresident issuer.

There is a fee charged for the Filing of a Notice of Exempt Transaction to the SEC.

A cooling-off period of 2 business days from the Filing of a Notice of Exempt Transaction will need to be observed before the issuer or their agent(s) may offer the bonds or notes for sale and commence to procure the listing of the bonds or notes simultaneously.

If a Notice of Exempt Transaction is filed with the SEC, the issuer has the burden of proof that the bond or note issuance qualifies as an Exempt Transaction under Section 10 of the SRC throughout the lifecycle of the bond or note. Under SRC Section 10 and its related IRR (6.1.), the SEC has the right to challenge such exemption at any time. The SEC also has the right to demand a certification, if necessary.

To further ensure compliance with the exemption claimed by an issuer under Section 10.1 of the SRC, the SEC looks to the underwriter—licensed by the SEC—to observe the applicable provisions and selling and transfer restrictions under the law.

The SEC has confirmed that the SSF may be used for the filing of the Notice of Exempt Transaction with the SEC, since the SSF was reviewed by the SEC and contains all relevant information required for the Filing of a Notice of Exempt Transaction, as detailed above.

The SEC will not issue a confirmation of the Notice of Exempt Transaction or an approval letter unless a certification is specifically requested by the issuer. Instead, the issuer and/or underwriter may proceed with the bond or note issuance or offer for sale to Qualified Buyers following a cooling-off period of 2 business days.

Step 2: Application for Listing (or Enrollment) on PDEX

Filing a Notice of Exempt Transaction with the SEC (Step 1) is a prerequisite for the application for listing (or enrollment).

For a bond or note to be eligible to be traded in the Philippines, even in the OTC market, the issuer or underwriter of a bond or note aimed at professional investors (Qualified Buyers) will need to list or enroll the bond or note on PDEX. The practice of listing or enrollment is

stipulated in the OTC rules by the SEC and regulated in the PDEX Listing Rules. (For more details, please refer to Chapter I.) At the same time, trading is not compulsory (e.g., in cases when professional investors buy and hold only specific bond or notes).

A bond or note aimed at professional investors (Qualified Buyers) will need to be enrolled on PDEX. Enrollment is done by a sponsor, either the issuer or a trading participant. The sponsor is compelled to comply with the obligations to continuously disclose material information as may be specified in applicable SEC rules and regulations and the PDEX Listing Rules.

Both listing and enrollment result in the same downstream clearing and settlement processes and practices in the Philippines.

PDEX prescribes that an issuer or trading participant (for enrollment) needs to send to PDEX the application for listing or enrollment as well as the duly executed listing agreement, together with documents and disclosure items stipulated in the applicable PDEX listing checklist.

PDEX may, at any time, request for additional information or disclosure items from the issuer.

A fee is payable with the application; the PDEX schedule of fees for admitting securities applies to both listing and enrollment.

Step 3: Approval from PDEX

Upon a complete submission of the documentary requirements, and assuming that there are no identified issues, PDEX has a target time frame of responding to the application for listing (enrollment) within 5 business days. The actual review process commences when an issuer or listing applicant starts the submission of the documentary requirements. For resident issuers, this process typically begins as early as 3 weeks before a targeted listing date.

If all documents and disclosure items are in order, and the applicable (listing) fees have been paid, PDEX will issue an approval letter to the issuer. PDEX may state specific conditions attached to the approval, if necessary.

Step 4: Effective Listing (Listing Exercise)

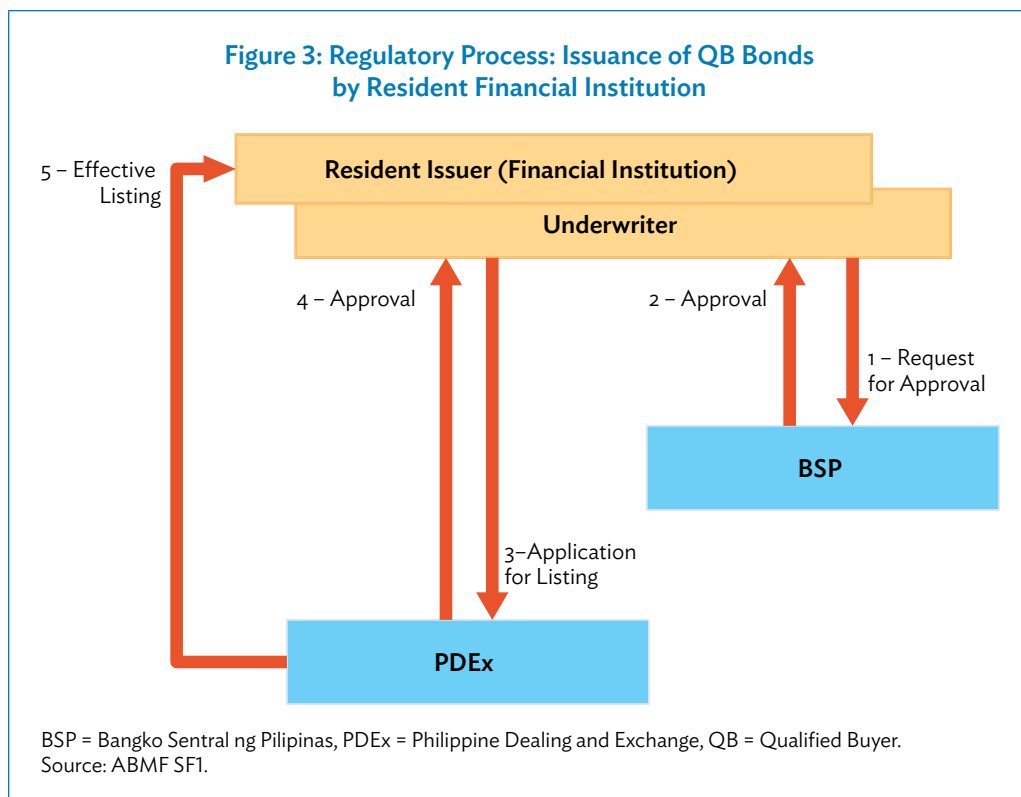
For the listing of the debt securities to take effect, PDEX has a target time frame of 3 business days after an approval is issued, on the assumption that no concerns have been identified and the required securities' details are complete and in order. PDEX Listing Rule 7.6.6 stipulates that PDEX shall announce the admission of new debt securities to its trading participants and the SEC, and publish the announcement on its website. A listing exercise shall likewise be held to formally and publicly announce the admission for secondary trading on the PDEX Trading Platform and to commence the trading of such debt securities.

The listing exercise is a brief ceremony held prior to the start of trading, highlighted by the ringing of a ceremonial bell at 9 a.m. (the start of the trading day) by the issuer of the debt securities, to mark the start of trading of its newly listed debt securities on the trading platform.

Issuance Process for Resident Financial Institution

While the SEC is the principal regulatory authority for the securities market, the SRC, Section 9.1. (e) exempts debt securities issued by banks from the need to file a registration statement (or a Notice of Exempt Transaction from such registration statement) with the SEC.

If the issuer is a resident financial institution in the Philippines (a BSP-supervised entity), the issuance of bonds or notes, including to professional investors (Qualified Buyers) is permitted without approval (Figure 3). However, the BSP will need to approve such an issuance if the bonds or notes relate to Tier 2 capital, pursuant to MORB Section 39.2.2, regardless whether the issuer is a domestic institution or the branch of a nonresident institution. The BSP approval process for such cases is detailed below.



Step 1: Filing for Approval with the BSP

The issuer will have to file for approval with the Supervision and Examination Sector of the BSP, and include all necessary information and documents, as specified in the MORB provisions.

Step 2: Approval from the BSP

The BSP Financial Supervision Department will review the application and applicable documents and may, at its discretion, ask for clarification or additional information.

Provided that documents are in order, the necessary information has been provided, and the review is satisfactory, the BSP Financial Supervision Department will issue the approval (letter) for the bond or note issuance within 3 days from receipt of a complete application.

There is no fee charged for this BSP approval process.

Step 3 Onward: Application for Listing (or Enrollment) on PDEx

PDEx has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP) for such issuance would be, among others, that which will be requested from the prospective issuer.

The steps for the listing (or enrollment) of a bond or note on PDEx follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution).

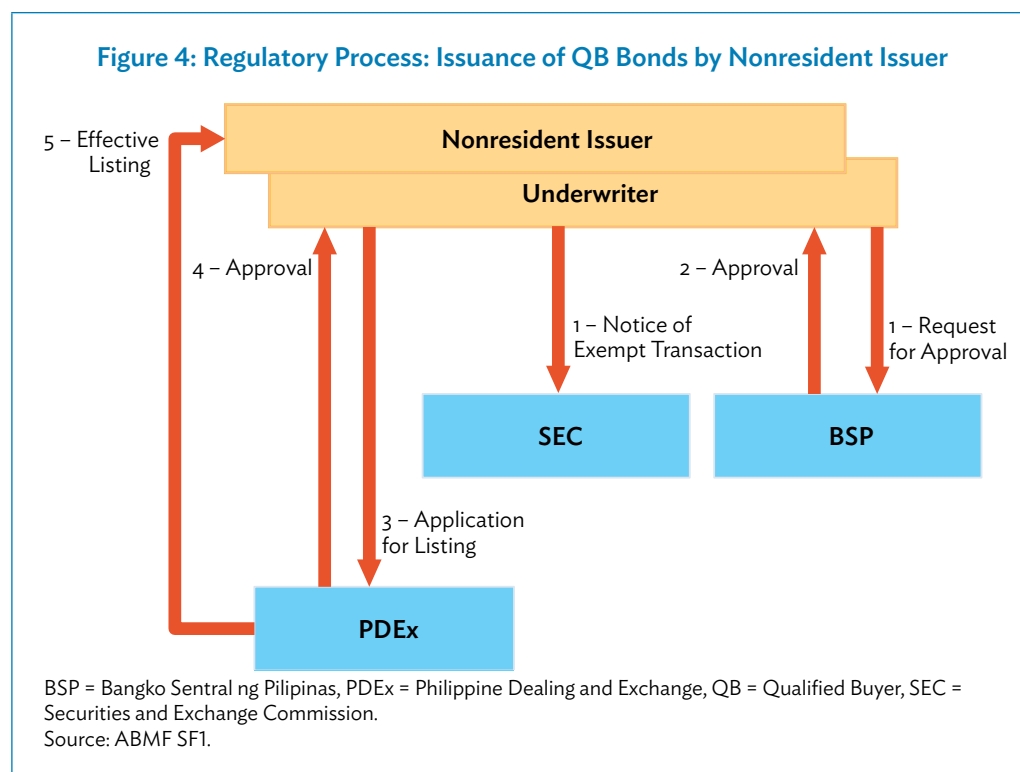
Subordinated debt issued by banks is required to be listed on PDEx in order to obtain regular pricing for said instruments.

Issuance Process for Nonresident Issuer (Other Than Financial Institution)

The process of issuing bonds or notes to professional investors (Qualified Buyers) involves multiple regulatory authorities if the issuer is a nonresident corporate issuer (Figure 4). The regulatory process for nonresident sovereign issuers may differ, and is not explained here.

The following steps need to be observed when a nonresident issuer wants to issue bonds or notes to professional investors (Qualified Buyers) in the Philippines.

As agreed among the regulatory authorities, the filing for approval with BSP and the filing of the Notice of Exempt Transaction with the SEC may be undertaken at the same time using



the SSF. The nonresident issuer will, however, need to obtain the necessary approval from BSP before proceeding with the issuance.

The listing or enrollment on PDEX completes this regulatory process.

Step 1 (BSP): Filing for Approval with the BSP

A nonresident issuer must obtain prior approval from the BSP before issuing bonds or notes in the Philippines. There is no quota or allocation of issuance amounts in Philippine pesos for nonresident issuers.

According to Section 31.3 of the BSP Manual of Regulations on Foreign Exchange Transactions, a bond or note issuance by a nonresident issuer requires the authorization of the BSP for the nonresident issuer to access the domestic banking system in the Philippines (e.g., in the form of collection of issuance proceeds through underwriters, and activities in the foreign exchange or swap market). Annex D.2 of the manual contains the actual form and data requirements for submission to the BSP.

The nonresident issuer or their underwriter must apply to the BSP International Operations Department using the prescribed forms specified in Annex D.2 of the manual and providing other relevant documents as may be required, including a

1. term sheet;
2. process flow;
3. flow chart of fund raising process, including parties involved; and
4. plan for funding repayments.

The SSF may be used to submit relevant issuance documentation and other information to the BSP. The filing for approval from the BSP is presently conducted by submitting physical forms and documents.

Step 1 (SEC): Filing of a Notice of Exempt Transaction with the SEC

At the same time of the filing for BSP approval, the nonresident issuer or their underwriter of a bond or note aimed at professional investors (Qualified Buyers) in the Philippines will need to file a Notice of Exempt Transaction with the SEC.

The Filing of a Notice of Exempt Transaction with the SEC follows the regulatory process described above.

If the issuance of a bond or note is considered to be a repeat issue under a shelf-registration or other bond or note issuance program, a separate Notice of Exempt Transaction would not need to be filed.

Nonresident issuers wishing to use the proceeds from a PHP-denominated bond or a note in foreign currency may require a policy decision by the SEC prior to filing a Notice of Exempt Transaction.

Step 2: Approval from the BSP

The BSP International Operations Department will review the application and relevant documents and may, at its discretion, ask for clarification or additional information.

In its review, the BSP will focus on the purpose of the issuance and use of proceeds, any applicable prohibitions, and planned activities in the foreign exchange or swap market resulting from the proceeds or funding of interest and redemption payments. The BSP is also reviewing whether the issuance complies with the rules and regulations of other regulatory agencies.

In the event of an inquiry from an issuer or underwriter on the status of a review, or the regulatory process and other matters in general, the BSP is committed to respond within 15 business days.

Provided that documents are in order and the necessary information has been provided and the review is satisfactory, the BSP International Operations Department will issue the approval (letter) for the bond or note issuance.

There is no fee charged for this BSP approval process.

Step 3 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

PDEX has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP and SEC) for such issuance would be, among others, that which will be requested from the prospective issuer. For nonresident issuers, the requirements shall rely on and be amended accordingly based on the framework of the Philippine regulators (SEC and BSP) for domestic PHP-denominated issuances of nonresident issuers of securities.

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). There is no distinction made between resident and nonresident issuer types at PDEX. Foreign governments and multilateral organizations are also eligible.

Issuance Process for Nonresident Financial Institution

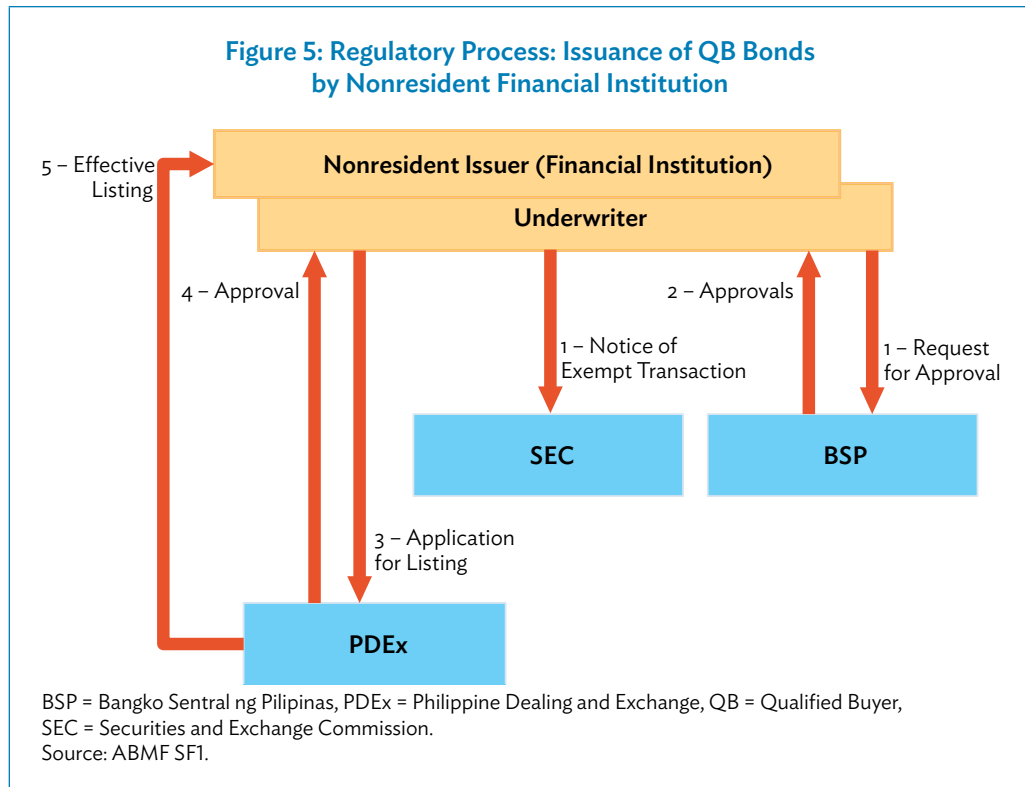
The process of issuance of bonds or notes to professional investors (Qualified Buyers) for nonresident financial institutions is much the same as for other nonresident issuers described above. However, part of the process of approval for a nonresident financial institution are the added requirements of the BSP's Financial Supervision Department under the BSP's remit of governance of the activities of banks and other financial institutions in the Philippines (Figure 5).

The steps described below need to be observed when a nonresident financial institution wants to issue bonds or notes to professional investors (Qualified Buyers) in the Philippines.

Again, the nonresident financial institution may file the request for approval with the BSP and the Notice of Exempt Transaction with the SEC at the same time. The SSF may be used for the submission of relevant issuance information in both cases. Since approval from the SEC is not required, the nonresident issuer will have to await BSP approval before proceeding with the intended issuance.

Step 1 (BSP): Filing for Approval with the BSP

In principle, the same regulatory process described under Issuance Process for Nonresident Issuer (Other Than Financial Institution) applies; at the same time, BSP may apply additional



prudence in the review of this filing for approval, in particular with regard to the proposed use of proceeds raised from the bond or note issue.

As an additional input into the regulatory process for nonresident financial institutions, the BSP Financial Supervision Department may have specific requirements of the issuer.

Step 1 (SEC): Filing of a Notice of Exempt Transaction with the SEC

Like all issuers intending to issue bonds or notes aimed at professional investors (Qualified Buyers) in the Philippines, a nonresident financial institution or their underwriter will need to file a Notice of Exempt Transaction with the SEC. The process principally follows the regulatory process described above. At the same time, the SEC would typically want to receive specific information from the nonresident financial institution on the use of proceeds, in particular if the proceeds are intended for on-lending in the financial market in the Philippines.

Step 2: Approval from the BSP

Please refer to the regulatory process described under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The BSP Financial Supervision Department coordinates with other departments to satisfy its requirements and state its approval before the BSP advises the issuer accordingly.

Step 3 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

PDEX has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP and SEC) for such issuance would be, among others, that which will be requested from the prospective issuer. For nonresident issuers, the requirements shall rely on and be amended accordingly based on the framework of the Philippine regulators (SEC and BSP) for domestic PHP-denominated issuances of nonresident issuers of securities.

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). PDEX does not distinguish between nonresident general corporate and nonresident financial institution issuers. Foreign governments and multilateral organizations are also eligible.

Issuance Process for FCY Bonds

The issuance of bonds and notes in currencies other than Philippine pesos is possible in the Philippines; for example, a number of USD-denominated bonds and notes have previously been issued by the Philippine government. FCY bonds and notes require prior approval by the BSP.

Issuance Process for Resident Issuing FCY Bonds and Notes

The following steps will need to be observed when a resident issuer wants to issue bonds or notes to professional investors (Qualified Buyers) in foreign currency in the Philippines.

Step 1: Filing for Approval with the BSP

Please refer to regulatory process under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The governing BSP department is the International Operations Department.

Step 2: Approval from the BSP

Please refer to the regulatory process under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The review and issuance of the approval is handled by the BSP International Operations Department.

Step 3: Filing of a Notice of Exempt Transaction to the SEC

The Filing of a Notice of Exempt Transaction to the SEC follows the regulatory process described above.

Step 4 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). PDEX, and its settlement and depository agent PDTC, are able to clear and settle USD-denominated bonds only at this point.

Issuance Process for Nonresident Issuing FCY Bonds and Notes

The regulatory process for nonresident issuers issuing bonds or notes in foreign currency is principally the same as for resident issuers, since all relevant regulatory authorities and PDEX (as the market institution) are already involved. For more details, please refer to Issuance Process for Nonresident Issuer (Other Than Financial Institution).

Issuance Process Specific to the Philippines

Possible Additional Process: Certification of QB Bond Eligibility by the SEC

Although in principle this potential process would be a direct continuation of the Filing of Notice of Exempt Transaction described above, it should be seen as a distinctly separate step in the overall regulatory process for the issuance of bonds or notes since it is an optional regulatory process and it carries a significant fee.

The function of the certification process is to confirm to the issuer and underwriter, and potential Qualified Buyers, intermediaries, and the market at large, the eligibility of the bonds or notes as an Exempt Transaction under the SEC, Section 10, and the reduced obligations on the issuer and underwriter in terms of initial and continuous disclosure. In such cases, the issuer and/or underwriter no longer carry the burden of proof to stakeholders that the QB bond or note qualifies as such.

The process of certification by the SEC carries a fee, stipulated in the SRC, Section 10.3, presently calculated as “...one-tenth (1/10) of one percent (1%) of the maximum aggregate price or issued value of the securities.”³ This formula could amount to a substantial expense for the issuer. However, the recent Financial Sector Neutrality Act may result in the fee being converted to a flat amount, as is common in most other ASEAN+3 markets. The SEC is now looking at applying the provisions in this act for its purposes.

The decision to obtain a certification of the QB bond status lies with the issuer and/or underwriter, and is not mandatory for an enrollment for listing and trading on PDEX. The individual regulatory processes for QB bond issuance have been described in Sections B and C, according to issuer type and other considerations.

At the same time, the SEC may challenge a claimed exemption at any time, and may also insist on a certification of said exemption, if necessary.

Step 1: Request for Certification of Eligibility of QB Bond by the SEC

Any resident or nonresident issuer, regardless of issuer type, may opt to request certification of the eligibility of a bond or note issue as a QB bond, or as an Exempt Transaction.

The issuer or underwriter will need to file SEC Form 10.1 (Notice of Exempt Transaction) with the SEC, indicating on the form the claimed exemption, as well as request for the certification of the stated exemption.

The SEC charges a significant fee charged for a request of certification equivalent to 10 basis points on the face value of the bond or note.

³ Securities and Exchange Commission. Securities Regulation Code. www.sec.gov.ph/laws/srcode.html

Step 2: The SEC Provides Certification of Eligibility of QB Bond

The SEC reviews the Notice of Exempt Transaction, corresponding certification request, and any relevant documents and may, at its discretion, ask for clarification or additional information.

Provided that the Notice of Exempt Transaction and corresponding request are in order, the necessary information has been provided, and the review is satisfactory, the SEC will issue a Certification of Exemption for the bond or note issuance to the issuer and/or underwriter.

Appendix 1

SEC Form 10.1: Sample Format

Name of issuer whose securities are being offered for sale or sold

Date

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 10.1

NOTICE OF/APPLICATION FOR CONFIRMATION EXEMPT TRANSACTION

Check Applicable Box:

- Application for Commission's confirmation of availability of exemption
- Notice of Exempt Transaction

1. State the provision of Section 10.1 of the Code under which exemption is based:

2. Information about the securities for which this Notice/Application has been filed:

(a) Title of class of securities being offered for sale/sold	
(b) Form of payment	
(c) Number and price/value of the securities being offered for sale/sold	
(d) Are any of the issuer's securities listed on the Philippine Stock Exchange and, if so, describe which class is listed and latest trading price.	
(e) Are the securities traded on any other trading market and, if so, disclose latest trading price	
(f) Capital structure as of the date prior to this issuance: 1) Authorized capital stock, par value, number of shares and amount	
2) Subscribed capital stock, number of shares and amount	
3) Unissued shares	

SEC Form 10.1

Date -----

3. Additional information about the securities where this Notice/Application is filed by the issuer thereof:

(a) Exact name of issuer as specified in its charter	
(b) Place (province, country or other jurisdiction of incorporation) and date thereof	
(c) SEC Identification Number	
(d) BIR Tax Identification Number	
(e) Address of principal office	
(f) Issuer's telephone number, including area code	
(g) Former name or former address, if any, since filing of last report with the SEC	
(h) Are any of the issuer's securities listed on the Philippine Stock Exchange and, if so, describe which class is listed and latest trading price.	
(i) Other securities registered with the Commission under the Revised Securities Act or the Securities Regulation Code (title of each class, number of shares)	
(j) Describe any other offer for sale/sale of securities by the issuer for the last 12 months for which exemptive relief from registration was claimed under RSA or Section 10.1 of the Code. This should include the basis of exemption, class of securities, amount and number of investors.	
(k) Name of underwriter or selling agent involved in the sale	

4. If securities are being sold by the owner thereof, please disclose:

(a) Name of Selling Owner or Owner's Representative	
(b) Date of acquisition and from whom (issuer, another person)	
(c) Price of securities when acquired	

5. Terms and Conditions of the Sale:

(a) Date and place of initiation of selling efforts (or proposed date and place of sale if prior confirmation is requested)	
(b) Unless being sold by the issuer or the owner, please disclose name of person selling the securities and his authority	
(c) Lock-Up Period	
(d) Summary of other terms and conditions of the sale.	

6. Information about purchasers

For Applications for Confirmation:

- Check if purchasers are **existing** stockholders and indicate the **number** of existing stockholder/s _____.
- Check if purchasers are **new** investors not exceeding 19 and indicate the **number** of new investor/s _____.

(Note: A list containing the information required under this item shall be filed within 30 days from receipt of confirmation of exemption.)

For Notice of Exemption (Provide the following information:)

(a) Name, address and legal residence of each purchaser, and indicate whether each purchaser is a “qualified buyer” under Section 10.1(1) of the Code.	
(b) Number of shares which shall be purchased/ purchased by each purchaser	
(c) For each purchaser, indicate whether such person is an officer, director or holder of at least 5% of any class of equity shares of the issuer	
(d) Indicate the class, number, and percentage of all shares of the issuer already owned by each purchaser	

7. Exhibits

In addition to the above information, the applicant hereby submits with this Notice/Application the following documents:

- (a) Written Disclosure to Investors containing the required information under Paragraphs (1) and (iii)(d) (in case of private placements only) of SRC Rule 10.1; and
- (b) Copy of other materials to be used/used in connection with the offering for sale or sale.
- (c) If the consideration is other than cash, documents supporting the proper valuation of the payment to be received in exchange of the securities to be issued.

8. Filing Fees

This notice with an application for confirmation of availability of an exemption under SRC Rule 10.1 of the Code has been submitted along with the payment of the prescribed fee in the amount of _____ under O.R. No. _____. (Fill this up if applicable only)

Signatures

The undersigned hereby certifies that the exemption applied for hereunder is available and all requirements set forth in SRC Rule 10.1 have been complied with.

Pursuant to the requirements of the Code and SRC Rule 10.1 thereunder _____
(Name of Seller)

has caused this certification to be signed on its behalf by a duly authorized person who, in case of a juridical person, shall be the President thereof.

Date: _____

By: _____
President

Instruction

The applicant shall file with the Commission five (5) copies of this SEC Form 10.1, one of which shall be manually signed by a duly authorized person who, in case of a juridical person, shall be the President.

Appendix 2

Resource Information

For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guidelines for the Philippines—including the relevant policy bodies, regulatory authorities, securities market-related institutions, and the Philippine bond market at large—interested parties are encouraged to utilize the following links (all websites are in English):

ASEAN+3 Multi-Currency Bond Issuance Framework—Single Submission Form
<http://tinyurl.com/AMBIF-Single-Submission-Form>

ASEAN+3 Bond Market Guide—Philippines
[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec%208%20phi.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec%208%20phi.pdf)

Bangko Sentral ng Pilipinas
<http://www.bsp.gov.ph>

Bangko Sentral ng Pilipinas—Manual of Regulations on Foreign Exchange Transactions
<http://www.bsp.gov.ph/downloads/regulations/morfxt/morfxt.pdf>

Bureau of the Treasury
<http://www.treasury.gov.ph>

Philippine Dealing System Holdings Corp.
<http://www.pds.com.ph>

Philippine Dealing System Holdings Corp.—PDEX Bond Market Rules
<http://www.pds.com.ph/wp-content/uploads/2014/05/PDEX-Rules-for-the-Fixed-Income-Securities-Market-as-Amended-Revised-09-June-20141.pdf>

Securities and Exchange Commission of the Philippines
<http://www.sec.gov.ph>

Securities and Exchange Commission of the Philippines—CRA Guidelines (March 2014)
<http://www.sec.gov.ph/laws/.../sec%20memo%20no.%207,%20s2014.pdf>

Appendix 3

Glossary of Technical Terms

Annex D.2	Annex containing bond and note issuance approval application in Manual of Regulations on Foreign Exchange Transactions
corporate notes	Market term for previous private placements in Philippine market
enrollment	Process of listing bonds on PDEX for professional issuances, a prerequisite under Philippine regulations
Exempt Transactions	Debt securities issuance that are not subject to the full disclosure and public offer regulatory framework
filing	Action of submitting documentation
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of trading, price finding, disclosure or profiling
registration	Action of registering a bond issue, for reference pricing or disclosure purposes
sponsor	Party who enrolls a bond or note in PDEX