

**PROGRAM MECHANICS
FOR THE ISSUANCE OF
MULTICURRENCY RETAIL TREASURY BONDS**

APRIL 16, 2010

THE REPUBLIC OF THE PHILIPPINES (the "**Republic**"), herein represented by the Department of Finance (the "**DOF**"), acting through the Bureau of the Treasury (the "**BTr**"), hereby establishes these Program Mechanics for the issuance of multicurrency retail treasury bonds.

RECITALS:

- (A) Pursuant to Republic Act No. 245, as amended ("**RA 245**"), in order to meet public expenditures authorized by law or to provide for the purchase, redemption, or refunding of any obligations, either direct or guaranteed, of the Republic, the Secretary of Finance, with the approval of the President of the Philippines, after consultation with the Monetary Board, is authorized to borrow from time to time on the credit of the Republic such sum or sums as in his judgment may be necessary, and to issue therefor evidences of indebtedness of the Republic;
- (B) The evidences of indebtedness of the Republic issued pursuant to RA 245 may be made payable, both as to principal and interest, in any readily convertible foreign currency;
- (C) The Republic desires to establish mechanics for the issuance of multicurrency retail treasury bonds, which mechanics shall, without prejudice to the adoption by the Republic of specific provisions that may be required under unique circumstances, set out the standardized procedures, as well as basic terms and conditions, under which the Republic, through the Secretary of Finance, may issue multicurrency treasury bonds denominated in Philippine Peso and/or any readily convertible foreign currency intended to be offered to institutional and retail investors (the "**Bonds**") pursuant to the authority granted under RA 245.

1. DEFINITIONS

- 1.1 **Certain Defined Terms.** As used herein, the following terms shall have the following meanings (all terms defined in this Section 1.1 or in other provisions of these Program Mechanics in the singular shall have the same meanings when used in the plural and *vice versa*):

"Accession Letter" means the form referred to in Section 2.3, substantially in the form of **Schedule 3**;

"Bangko Sentral" means the *Bangko Sentral ng Pilipinas* and its successor entity;

“Bid/Proposal Notice” means the notice referred to in Section 2.3 to be given by the Dealers to the Republic in response to a Notice of Offering, transmitted to the Republic electronically or, at the option of the Republic, in printed form substantially in the form of **Schedule 4**;

“Bond Register” means the ROSS, its subregistry or successor registry under which title to, and transfers of the Bonds are recorded;

“Bondholder” means the Person who appears in the Bond Register, at any relevant time, as the registered owner of the Bonds; provided that for Bonds held by a Third Party Custodian, such Third Party Custodian shall be deemed the registered owner of the Bonds although the beneficial title belongs to the investor;

“Bondholder List” means a duly certified list required from Selling Agents under these Program Mechanics indicating the names and addresses of each purchaser Bondholder and the corresponding amount of investment in the Bonds;

“Bonds” means the multicurrency retail treasury bonds referred to in Clause (C) of the Recitals above denominated in two or more currencies and issued in scripless or, at the option of the Republic, in certificated form, each of which, if issued in certificated form, shall be duly executed and delivered by the Republic;

“BTr” means the Bureau of the Treasury of the Republic;

“BTr-SOD” means the Bureau of the Treasury – Securities Origination Division

“Business Day” means a day other than a Saturday or Sunday on which commercial banks are generally open for the transaction of business in Makati City and Manila;

“Closed Period” has the meaning defined in Section 3.2.(e);

“Confirmation of Sale” means the document referred to in Section 2.7;

“Dealer” means a GSED; provided that when the context requires, it shall refer particularly to a Selling Agent and/or a GSED that made a successful bid for Bonds during the Auction but did not qualify as a Selling Agent; provided further that when used in any Issue Document, “Dealer” refers to the Dealer or Dealers in respect of the relevant issue;

“Default” means an Event of Default or an event which with notice or lapse of time or both would become an Event of Default;

“DoF” means the Department of Finance of the Republic;

“DOF-DO 141-95” means the DoF’s Department Order No. 141-95, series of 1995, as may be amended from time to time;

“Event of Default” means an Event of Default specified as such in the Terms and Conditions;

“FCDU” means Foreign Currency Deposit Unit duly established pursuant to Republic Act No. 6426 otherwise known as the Foreign Currency Deposit Act of the Philippines;

“Foreign Currency” means any readily convertible foreign currency including but not limited to United States Dollars and European Union Euro, provided that when used in any Issue Document, “Foreign Currency” refers to the currency of a Tranche or Tranches not denominated in Philippine Pesos;

“GSED” or **“Government Securities Eligible Dealer”** means a duly-licensed securities dealer belonging to a service industry supervised/regulated by Securities and Exchange Commission, *Bangko Sentral* or Insurance Commission which has met the prescribed unimpaired capital and surplus account and statutory ratios, and has the infrastructure for an electronic interface with the Automated Debt Auction Processing System and the ROSS both of the BTr using Bridge Information Systems, and acknowledged by the BTr as eligible to participate in the primary auction of government securities.

“GOCC” or **“Government Owned or Controlled Corporation”** means a corporation which is created by special law or organized under the Corporation code in which the Government, directly or indirectly, has ownership of the majority of the capital or has voting control;

“Government Entity” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

“Indebtedness” means indebtedness for monies borrowed or any guarantee or indemnity for monies borrowed, which is denominated or payable by its terms in, or at the option of the relevant creditor may be payable in, Pesos or in any Foreign Currency;

“Indemnifiable Tax” or **“Indemnifiable Taxes”** means any Tax other than: (a) the final withholding tax applicable on interest earned on the Retail Treasury Bonds prescribed under the National Internal Revenue Code, (b) gross receipts tax under Section 121 of the National Internal Revenue Code, and (c) Taxes on the overall income of any Dealer or Bondholder, whether or not subject to withholding;

“Interest Payment Date” means the Interest Payment Date indicated in the relevant Notice of Offering;

“Interest Record Date” means the Business Day preceding an Interest Payment Date;

“Investor/s” means the beneficial owner of the Bonds held in trust by Third Party Custodians, whose name is duly registered in the Investors List;

“Investors List” means the list held by Third Party Custodians which contains the names of investors for which the Third Party Custodian is holding the Bonds in trust;

“Issue Management Agreement” means the agreement referred to in Section 2.5 which the Republic may execute in relation to any issue of the Bonds pursuant to these Program Mechanics, substantially in the form of **Schedule 6-A** hereto.

“ISIN” means the securities identification number assigned by the Bond Registry to the Bonds;

“Issue Date” means such date specified in a Relevant Agreement and Issue Documents on which a series of the Bonds are to be issued by the Republic;

“Issue Documents” means in relation to each issue of the Bonds pursuant to these Program Mechanics, these Program Mechanics, a Relevant Agreement, the Bonds relating to such Relevant Agreement, an Issue Management Agreement or Underwriting Agreement, if applicable, or any other agreement or document executed, delivered or received in relation to such issue, as these agreements and documents may have been, or may from time to time be, amended, varied, novated, supplemented, replaced or substituted;

“Issue Manager” means a duly licensed GSED or financial institution that has been given by the Republic the mandate to manage the distribution and selling of the Bonds; when used in any Issue Document, “Issue Manager” refers to the Issue Manager/s in respect of the relevant issue;

“Law” means (i) any statute, decree, constitution, regulation, rule, order or any directive of any Government Entity, (ii) any treaty, pact, compact or other agreement to which any Government Entity is a signatory or party, (iii) any judicial or administrative interpretation or application of any Law described in clause (i) or (ii) above, and (iv) any amendment or revision of any Law described in clause (i), (ii) or (iii) above. Any reference to a Law shall be construed as a reference to such law as the same may have been, or may from time to time be, amended or re-enacted;

“Material Adverse Effect” means, in relation to the Republic, a material adverse effect on (a) the ability of the Republic to perform or comply with any of its obligations, or to exercise any of its rights, under the Issue Documents in a timely manner, (b) the financial or political condition of the Republic, or (c) the validity or enforceability of the relevant Issue Documents or the rights or remedies of any Dealer or Bondholder thereunder;

“National Internal Revenue Code” means Republic Act No. 8424, as amended;

“Notice of Acceptance” means the notice to be given by the Republic to inform the Dealers of the acceptance of their bids or proposals, as the case may be, transmitted to the Dealers electronically or, at the option of the Republic, in printed form substantially in the form of **Schedule 5**;

“Notice of Offering” means a notice, substantially in the form of **Schedule 2** hereto, to be issued by the Republic, in accordance with Section 2.2, notifying prospective Dealers of the Republic’s intention to issue the Bonds pursuant to these Program Mechanics;

“Offer Period” means the period provided in the Terms and Conditions when the Bonds will be offered to the public for subscription;

“PDDTS” or **“Philippine Domestic Dollar Transfer System”** means the domestic US-dollar electronic clearing and payment system operated jointly by the Bankers Association of the Philippines, Philippine Central Depository, Philippine Clearing House Corporation, and Citibank Manila.

“Person” means an individual, firm, partnership, limited liability company, joint venture association, trust, corporation, Government Entity, committee, department, authority or any body, incorporated or unincorporated, whether having distinct legal personality or not;

“Pesos” and the sign **“P”** means the legal currency of the Philippines;

“Philippines” means the Republic of the Philippines;

“RA 245” means Republic Act No. 245, as amended;

“Registered Account/s” means the demand deposit account/s maintained by a Bondholder with the Bangko Sentral or a Settlement Bank for purposes of receiving interest and principal payments due and payable on the Bonds;

“Registrar” means the BTr, or its successor entity, in its capacity as operator of the Bond Register;

“Relevant Agreement” means, in relation to each issue of the Bonds pursuant to these Program Mechanics, a Terms and Conditions, a Notice of Offering, a Bid/Proposal Notice, Accession Letters and a Notice of Acceptance between the Republic and a Dealer;

“Republic” means the Republic of the Philippines;

“Retail Investor” shall have the meaning given to it in the Terms and Conditions;

“Retail On-Selling Period” means the a period commencing on the Issue Date up to and including the date that is twenty (20) Business Days from the Issue Date, or such other period as the BTr shall determine in the Terms and Conditions, during which the Selling Agent shall be required to sell to Retail Investors in compliance with its Retail Sales Obligation;

“Retail Sales Obligation” shall have the meaning given to it in the second paragraph of Section 2.8;

“ROSS” means the Registry of Scripless Securities;

“ROSS Primary Securities Account” means an account in the Bond Register registered in the name of a Person, wherein the Bonds held by such Person for its own account are registered;

“Securities Custody Account” means an account in the Bond Register registered in the name of a Third Party Custodian wherein the Bonds held in the name of the Third Party Custodian in trust for Investors are registered;

“Security Interest” means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security howsoever and wherever created or arising and whether by contract or otherwise;

“Selling Agent” means a Selling Agent as may be defined in the Terms and Conditions;

“Settlement Bank” means a bank designated by a Bondholder for the purpose of receiving interest and principal payments due and payable on the Bonds;

“SWIFT” means the Society for Worldwide Interbank Financial Telecommunication;

“Taxes” or **“Tax”** means any present and future taxes (including documentary stamp tax or value-added tax), levies, imposts, duties, filing and other fees or charges imposed by the Republic or any political subdivision or taxing authority thereof;

“TEI” means an institution duly enrolled or otherwise included in the list of qualified tax-exempt institutions of the BTr having fulfilled all the requirements of the BTr, including, without limitation, a ruling from the Bureau of Internal Revenue affirming its tax-exempt status in respect of income from government securities;

“Terms and Conditions” means, in relation to each series of the Bonds, the terms and conditions of the Bonds substantially in the form of **Schedule 1** hereto, and which terms and conditions shall be deposited with the BTr on Issue Date and, if the Bonds are issued in certificated form, appended to the Bonds;

“Third Party Custodian” means a *Bangko Sentral*-accredited securities custodian designated by an investor to perform the functions of, among others, safekeeping and holding legal title to its Bonds either in a nominee or trustee capacity;

“Tranche” means such portion of the Bonds denominated in a particular currency, as may be specified in the Terms and Conditions, *e.g.*, US Dollar Tranche or Euro Tranche;

“Transfer Forms” means the forms referred to in Section 3.2.a.;

“Truth in Lending Act” means Republic Act No. 3765, as amended; and

“Underwriting Agreement” means the agreement referred to in Section 2.5 which the Republic may execute in relation to any issue of the Bonds pursuant to these Program Mechanics, substantially in the form of **Schedule 6-B** hereto.

1.2 **Headings.** Section and Schedule headings are for ease of reference only and shall not affect the interpretation of these Program Mechanics.

2. ISSUANCE OF THE BONDS

2.1 **Issue of the Bonds.** Pursuant to RA 245, the Republic may issue, from time to time, the Bonds in Tranches denominated in two or more currencies in accordance with these Program Mechanics.

2.2 **Notice of Offering.** Without prejudice to Section 2.4 below, each issue under these Program Mechanics shall be announced pursuant to a Notice of Offering. The Notice of Offering shall be posted through any electronic financial information provider chosen by the BTr, such as Reuters, Bloomberg, or their successors.

The Notice of Offering shall incorporate by reference these Program Mechanics and set out, among other matters, the procedure for submission and acceptance of bids/proposals as determined by the Republic pursuant to Section 2.4, and such terms and conditions as are specifically applicable to each issue, including terms and conditions which may not be covered by these Program Mechanics or which may modify these Program Mechanics in respect of the issue. All matters not covered and not specifically negated or modified by the Terms and Conditions and Notice of Offering shall be governed by these Program Mechanics.

- 2.3 **Bid/Proposal and Acceptance.** Pursuant to the Notice of Offering and without prejudice to Section 2.4 below, prospective Dealers will be requested to submit a Bid/Proposal Notice in accordance with DOF-DO 141-95 accompanied by an Accession Letter. When subscription has reached a level deemed sufficient by the Republic, the Republic, through the BTr-SOD, shall announce the termination and closure of the Offer Period through electronic financial information providers chosen by BTr, such as Thomson Reuters, Bloomberg, or any of its successors. The Republic reserves the right to announce at any time, the remaining volume available for sale on a particular day during the Offer Period.

.Dealers whose bids or proposals will be accepted by the Republic shall be notified of the decision through a Notice of Acceptance in accordance with DOF-DO 141-95. The Terms and Conditions of the Bonds shall be attached to and transmitted with the Notice of Acceptance in cases where the Notice of Acceptance is not transmitted electronically.

Notwithstanding the foregoing, the Republic may still require that hard copies of the Bid/Proposal Notice (or any specific information contained therein) be executed, submitted, issued and delivered on the same day, and prior to any cut-off time, specified by the Republic in the relevant Notice of Offering and, in the case of the Notice of Acceptance, where the same is to be issued by the Republic in hard copy form, on the Business Day following the date of public auction. In case of any inconsistency between the information electronically submitted/issued and the hard copy of the Bid/Proposal Notice and Notice of Acceptance, the latter shall prevail.

- 2.4 **Method of Origination.** The Republic shall, in its sole discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Bonds under these Program Mechanics shall be solicited. Unless otherwise agreed with the Republic, such method shall follow any of the methods of origination set forth in Part III of DOF-DO 141-95. The method by which proposals or bids shall be given by prospective Dealers shall be announced by the Republic in the Notice of Offering to prospective Dealers. For this purpose, the provisions of Part III of DOF-DO 141-95, and its related provisions, are hereby incorporated herein by reference.
- 2.5 **Issue Management or Underwriting Agreements.** The Republic may enter into issue management agreements for the management of the distribution and selling by any Issue Manager of an issue of the Bonds under these Program Mechanics. In the alternative, the Republic may enter into underwriting agreements for the firm underwriting by any Dealer/s of the same. Such issue management or underwriting

agreements shall substantially be in the form set out in **Schedule 6-A** or **6-B** hereof, respectively, as applicable.

The Republic may also enter into selling agreements for the sale by any Dealer of an issue of the Bonds under these Program Mechanics.

- 2.6 **Reporting and Other Obligations.** Each Selling Agent shall be required to submit to BTr, not later than 4:00 p.m. of each day during the Offer Period, its summary sales report/s, in the format set out in **Schedule 8** hereof, thru fax to BTr-SOD. The BTr-SOD shall provide three (3) fax numbers available throughout the Offer Period.

BTr-SOD Fax Nos. (+632) 527-3132;
527-7089 and
526-6487

Subscriptions sent thru fax may be confirmed at the following telephone numbers: (02) 527-3117, 527-2827, or 522-8122 loc. 207. These numbers may be changed from time to time by BTr through the Terms and Conditions.

Every subscription originating from the same Selling Agent shall be sent only once to any of the three (3) designated fax numbers, and shall be numbered sequentially in accordance with **Schedule 8**, from day 1 up to the end of the Offer Period or upon termination thereof, subject to the “first come-first serve” policy. The Republic shall reject the following –

- a) subscription without transmission numbers
- b) subscription with identical transmission numbers
- c) subscription transmitted more than once in a single fax number

The Republic also reserves the right to accept or reject a Selling Agent’s reported sales subscription for cause.

- 2.7 **Closing.** On the relevant Issue Date, the Republic shall deposit with the BTr a copy of the Terms and Conditions and, in cases where a global certificated multicurrency retail treasury bond is executed, deliver to the BTr, for safekeeping, the global certificated multicurrency retail treasury bond representing the Bonds subject of the relevant issue.

The Bonds shall be deemed issued when the BTr shall have credited the relevant ROSS Primary Securities Accounts or Security Custodian Accounts or other Bond Register accounts permitted by the BTr to be created in relation to the relevant issue.

At the reasonable request of any Bondholder, the BTr shall issue a written certification as to the title of such Bondholder to the Bonds, as well as a confirmation that the physical Bonds are in the custody of the BTr, where applicable.

- 2.8 **On-Sales.** Any Selling Agent may on-sell the Bonds. A Confirmation of Sale shall be executed by the Selling Agent and issued and delivered to the investor. Each Selling Agent shall comply with its obligations as a Dealer as set out in the BTr’s “Handbill on

Eligibility to Bid for Government Securities in the Primary Market” dated November 2007 as may be amended from time to time, including, without limitation, market-making.

Each Selling Agent shall be required to sell to Retail Investors, at any time within the Retail On-Selling Period a minimum percentage of the Bonds allocated to the Selling Agent by the Republic, which minimum percentage shall be specified by the Republic in a Notice of Offering and the Terms and Conditions (the “Retail Sales Obligation”).

In the event a Selling Agent is unable to comply with its Retail Sales Obligation, the Republic shall not pay the Selling Agency Fees or any selling commission to the Selling Agent; *Provided*, that the Republic may exclude any Selling Agent who deliberately fails to comply with the Retail Sales Obligation from participating in any issuance of the Republic.

Sale of the Bonds to investment houses and/or subsidiary corporations of Dealers and investment houses performing banking and/or quasi-banking functions/activities shall not be considered as retail sales. However, the Selling Agent may require the investment house and/or subsidiary corporation to comply with the Retail Sales Obligation, in which event the investment house/subsidiary corporation shall be required to submit the corresponding Bondholders’ List to the Selling Agent to be included in its summary sales report and Bondholder List.

In compliance with DoF Order No. 141-95, as amended, Selling Agents are not allowed to offer the Bonds to GOCCs. Further, Selling Agents shall sell the Bonds in its original form and current structure. Any attempt or intention to introduce variants and derivatives thereof, to use it as underlying assets for another product, or to create a wrap around structure to repackage the same, shall constitute a material breach of the Dealer’s obligation under this Program Mechanics and the Notice of Offering, and shall result in the automatic termination of its services as Selling Agent, as well as forfeiture of the corresponding selling agency fee.

In case a Selling Agent submits falsified Bondholder List, the Republic may exclude such Selling Agent from participating in any issuance of the Republic. This shall be without prejudice to the filing of appropriate criminal charges and other sanctions provided for by law.

The Republic reserves the right to verify the accuracy and veracity of the Bondholder List submitted by a Selling Agent as well as other documents and information on Retail Investors as required by the Republic.

All information relative to the Bondholders shall be treated with absolute confidentiality in accordance with RA 1405.

- 2.9 **Enrolment in the Bond Register** . Unless otherwise provided in the Terms and Conditions, investors may at their option have their own ROSS Primary Securities Account or such other Bond Register account permitted by BTr to be established. For this purpose, the Selling Agent shall assist the investor in enrolling with the Bond

Register through the Client Interface System (CIS) facility or such other facility established therefor. For this purpose, the Selling Agent is required to provide all the necessary information for the enrolment of the Investors in the ROSS-Name on Registry including but not limited to:

- (a) name of the investor
- (b) customer code/GSED client number
- (c) Settlement Bank account number

The Selling Agent shall submit to the BTr the duly accomplished Investor's Undertaking executed by the investor. Likewise, a copy of the special power of attorney executed by the investor in favor of the Selling Agent for the creation of the ROSS Primary Securities Account or a Bond Register account and for executing trade instructions shall be submitted to BTr upon demand.

- 2.10 **Several Obligations.** For each issue, the obligations of the Selling Agents are distinct and several. The amounts payable at any time under the relevant Issue Documents to each Selling Agent shall be a separate payment for such Indebtedness of the Republic to each Dealer. Each Selling Agent shall be entitled to protect its rights arising under the Issue Documents and it shall not be necessary for the other Selling Agents to be joined as additional parties in any proceedings.
- 2.11 **Form.** The Bonds may be issued in purely scripless form or in certificated form. Without limiting the generality of the foregoing, the Bonds may initially be represented by a global certificate with provisions for the issuance of definitive certificates upon the occurrence of specified events.
- 2.12 **Title.** Unless otherwise provided in the Terms and Conditions, title to the Bonds shall be evidenced by registration in Bond Register. Except as ordered by a court of competent jurisdiction or as required by law, a Bondholder shall be deemed to be and may be treated as the absolute owner of the Bonds registered in its name in the ROSS Primary Securities Accounts or in other Bond Register accounts for all purposes, whether or not the Bonds are overdue or outstanding and regardless of any notice of ownership, trust or an interest in it. The Registrar shall maintain the Bond Register under which title to, and transfers of, the Bonds are recorded, and the Registrar shall ultimately and conclusively determine all matters regarding title to the Bonds at any given time.

3. COMMERCIAL TERMS, TRANSFERABILITY, SETTLEMENT, PAYMENTS AND STATUS

3.1 Commercial Terms

- a. Terms and Conditions. The Terms and Conditions of each series of the Bonds to be issued pursuant to the Program Mechanics shall substantially be in the form of **Schedule 1**. The Terms and Conditions shall be appended to the Bonds, if issued in certificated form, or deposited with the BTr on Issue Date, if the Bonds are in scripless form. Copies of the Terms and Conditions shall be obtainable and available for inspection during normal business hours at the office of the BTr in Intramuros, Manila.

- b. Commercial Terms. The Secretary of Finance, in consultation and with the concurrence of the Monetary Board of the *Bangko Sentral*, shall determine the principal commercial terms, yields, maturities, convertibility, redemption option, eligibility, payment, repayment and other features of each issue.
 - c. Publication. The principal commercial terms of each issue and the Terms and Conditions of the Bonds shall be displayed through electronic financial information providers chosen by the BTr, such as Reuters, Bloomberg, or any of its successors.
- 3.2 **Transferability.** The Bonds are transferable in accordance with the relevant Terms and Conditions. For the avoidance of doubt, the following provisions on transfers of the Bonds shall apply at all times:
- a. **Transfers among Bondholders.** One or more Bonds are transferable in accordance with the provisions of the Program Mechanics and these Terms and Conditions. Unless otherwise provided by the Republic, the transfer of the Bonds by or to a Bondholder shall require the transferor and the transferee to execute the relevant Transfer Forms and deliver the same to the Registrar. The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfer.
 - b. **Transfers among Investors.** With respect to transfers of the Bonds held by Investors through Third Party Custodians, such transfers shall be governed by the applicable requirements and procedures of the relevant Third Party Custodian, subject only to these Program Mechanics. The Third Party Custodians shall provide a certified copy of the current Investor's List when required by the Republic.
 - c. **Transfer Charges.** Unless otherwise provided by the Republic, any transfer of the Bonds held by Bondholders or Investors shall be subject to the payment of the corresponding taxes, fees or other charges that may be imposed in relation to it.
 - d. **Closed Periods.** Unless otherwise provided by the Republic in the Terms and Conditions, no Bondholder may require the transfer of any Bonds to be registered by the Registrar in the Bond Register:
 - (a) during the period of two (2) Business Days ending on (and including) the due date of any redemption payment of principal;
 - (b) during the period of one (1) Business Day preceding any Interest Record Date.

The Registrar will prevent any transfer of the Bonds to be recorded in the Bond Register during any Closed Period. Bondholders at the start of any such Closed Period will be treated by the Registrar as the beneficial owners of such Bonds for any relevant payment or allocation purposes.

- 3.3 **Settlement.** Unless otherwise specified in the Terms and Conditions, the following provisions on settlement shall apply at all times:
- a. Each Selling Agent shall, not later than 1:00 p.m. on the Business Day immediately prior to the Issue Date, submit to the BTr-SOD a summary sales report substantially in the form of **Schedule 9** duly signed by two (2) authorized signatories reflecting the total sales computed as the sum of the auction and public offering sales proceeds minus the selling commission.
 - b. Each Selling Agent, including any Dealer with successful bids at the Auction but did not qualify as a Selling Agent, shall cause the payment for the Bonds to be made to the BTr through any of the follow modes:
 - (i) *Autocredit.* A Selling Agent/Dealer shall instruct the *Bangko Sentral* to debit its demand deposit account/s and credit the specified demand deposit account/s of the Treasurer of the Philippines maintained with the *Bangko Sentral* for the amounts equal to its subscription. For this purpose, each Selling Agent/Dealer shall submit an authorization for automatic debiting relating to its Registered Account for the cost of the Bonds subscriptions, net of selling agency fee, in a form to be prescribed by the BTr, in favor of the BTr for the settlement of the sales proceeds due. The format of authorization for automatic debiting shall be substantially in the form of **Schedule 10**.
 - (ii) *Wire transfer.* A Selling Agent/Dealer shall cause the remittance via PDDTS or SWIFT or such other payment system acceptable to the BTr the amounts equal to its subscription to be received by the specified demand deposit account/s of the Treasurer of the Philippines maintained with the Land Bank of the Philippines not later than 11:00 a.m. of the Issue Date. For this purpose, each Selling Agent/Dealer shall submit an undertaking to remit the cost of its subscriptions in the Bonds, net of selling agency fee, in favor of the BTr for the settlement of the sales proceeds due. The format of the undertaking shall be substantially in the form of **Schedule 11**.
 - c. Upon execution of the autocredit instruction by the *Bangko Sentral* or receipt of the funds by Land Bank of the Philippines *via* wire transfer, the *Bangko Sentral* or Land Bank of the Philippines as applicable shall send a credit advice to the BTr not later than 2 p.m. of the Issue Date, afterwhich, the BTr shall credit the respective ROSS Primary Securities Accounts or Securities Custodian Accounts or Bond Register accounts of the Bondholders.
 - d. Each Selling Agent shall, not later than 5:00 p.m. on the day which is five (5) Business Days after the Issue Date, submit the following reports to BTr-SOD:
 - (i) a duly certified Bondholder List as of Issue Date indicating among others the individual names and the corresponding ROSS Primary Securities Account number if the Bondholders are registered under the Name-On

Registry or a list of Bondholders who are registered in a Bond Register other than with the ROSS Primary Securities Accounts (*e.g.*, subregistry); and/or a list of Investors whose holdings are in custody of an accredited third party custodian. These lists shall be submitted in printed form and in electronic form (in compact disc or such other format as may be required by BTr) and shall be substantially in the form of **Schedule 12**;

- (ii) a consolidated summary report of sales amount as of Issue Date, substantially in the form of **Schedule 13**.
- e. In the event that any Selling Agent fails to comply with its Retail Sales Obligation as of Issue Date, such Selling Agent shall, in addition, and in order to establish compliance with its Retail Sales Obligation, submit to the BTr-SOD, not later than five (5) Business Days after the Retail On-selling Period, a duly certified copy of their Bondholder List as of the date that is not later than the last day of the Retail On-selling Period. This list shall be submitted in printed form and in electronic form (in compact disc or such other format as may be required by BTr) and shall be substantially in the form of **Schedule 12**.
- f. All Selling Agents must submit a duly certified copy of their Bondholder List at such other times as may be required by the Republic. All Persons appearing in the Bondholder Lists as holders of the Bonds shall be deemed Bondholders. Selling Agents shall be fully responsible for the accuracy of their Bondholder Lists. No Person who is not the holder of a validly issued and existing Confirmation of Sale shall be included in a Bondholder List.

3.4 Payments. Unless otherwise specified in the Terms and Conditions, the following provisions on payment shall apply at all times:

- a. Payment of principal and interest on the Bonds will be made by the Republic in the same currency as the currency of the corresponding Tranche of the Bonds by crediting the Registered Account of the relevant Bondholder with the full amounts then due and payable. Upon such crediting, the Republic shall be deemed to have made payment to all Bondholders on the day of such crediting. For the avoidance of doubt, the Republic shall be deemed to have made payments due on the Bonds held by Third Party Custodians upon crediting the Registered Account of the Third Party Custodian. Third Party Custodians shall, in turn, be responsible for distributing payment to each Investor identified in their respective Investors Lists. If any payment in respect of the Bonds would otherwise be due on a day that is not a Business Day, such payments shall be made on the next succeeding day that is a Business Day without adjustment to the amount of interest to be paid.
- b. Interest on the Bonds will be paid on each Interest Payment Date to the Registered Account of the relevant Bondholder of record, as shown on the Bond Register at the close of business on the Interest Record Date.

- c. All payments due to Bondholders, whether of principal, interest, fees or otherwise, shall be made without set-off or counterclaim, and free and clear and without any deduction or withholding on account of any Indemnifiable Taxes, all of which shall be for the account of the Republic and shall be paid by the Republic directly to the relevant taxing or other authority when due. If the Republic shall be required by law to make any deduction or withholding in respect of Indemnifiable Taxes from any payment hereunder, the sum payable shall be increased as will result in the receipt by the Bondholders, after such deduction or withholding, of the amount that would have been received if such deduction or withholding had not been required.
- 3.5 **Status.** The Bonds constitute direct, unconditional, unsubordinated and general obligations of the Republic and shall at all times rank *pari passu* and without any preference among themselves. The Bonds may have the benefit of a sinking fund as may be established for each issue under the Relevant Agreement. The payment obligations of the Republic under the Bonds shall rank *pari passu* in priority of payment with all other present and future unsecured and unsubordinated Indebtedness of the Republic.

4. REPRESENTATIONS AND WARRANTIES

- 4.1 The following representations and warranties are made by the Republic on the date hereof and, in respect of each issue of the Bonds, shall be deemed to be repeated on the Issue Date, the date of the Issue Management Agreement or Underwriting Agreement, if applicable, and on the dates of each other Relevant Agreement, with reference to the facts and circumstances then subsisting:
- a. The Republic has the power to enter into and perform, and has taken all necessary actions to authorize the entry into, performance and delivery of, the Issue Documents to which it is or will be a party and the transactions contemplated by those Issue Documents.
 - b. Each Issue Document to which it is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligation enforceable in accordance with its terms, and the individuals signing the Issue Documents on behalf of the Republic will be duly authorized to sign.
 - c. All authorizations required or advisable in connection with the entry into, performance, validity and enforceability of the Issue Documents and the transactions contemplated by the Issue Documents have been obtained or effected and are in full force and effect.
 - d. The obligations of the Republic under the Issue Documents will constitute direct, unconditional, unsubordinated and general obligations of the Republic and will rank at least *pari passu* in all respects and ratably without preference or priority with all other present and future unsecured and unsubordinated Indebtedness of the Republic, save for such as may be preferred by mandatory provisions of applicable Law.

- e. Save for documentary stamp tax, no registration fees, costs and charges or similar taxes or charges are payable in the Republic in respect of any Issue Document.
- f. The Republic's execution of each Issue Document constitutes, and its exercise of its rights and performance of its obligations under each Issue Document will constitute, commercial acts done and performed for commercial purposes.
- g. The Republic is subject to the jurisdiction of the courts of the Philippines and irrevocably waives, to the extent permitted by law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit or (ii) jurisdiction.
- h. The entry into and performance by it of, and the transactions contemplated by, the Issue Documents do not and will not: (i) conflict with any Law; or (ii) conflict with any document which is binding upon the Republic or upon any asset of the Republic; or (iii) result in the creation or imposition of any Security Interest on any assets of the Republic pursuant to the provisions of any such agreement or document.
- i. No Default is outstanding or might result from the issuance of the Bonds.
- j. No other event is outstanding which constitutes (or with the giving of notice, lapse of time, determination of materiality or the fulfillment of any other applicable condition or any combination of the foregoing, might constitute) a default under any document which is binding on the Republic or any asset of the Republic to an extent or in a manner which might have a Material Adverse Effect.
- k. No litigation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened, which might, if adversely determined, have a Material Adverse Effect.
- l. There has been no change in the financial condition, property and assets of the Republic which has a Material Adverse Effect.
- m. No further action in the Philippines, including any filing or recording of any document, is necessary or advisable to establish and perfect the Issue Documents.
- n. All the information provided to the Dealers by the Republic are true in all material respects as of the respective dates they are provided or made and are not misleading and any expressions of opinion are made in good faith with due care and based on reasonable assumptions and the Republic is not aware of any facts or matters not disclosed to the Dealers or the omission of which makes any such information or opinion incorrect or misleading in any material respect.

authorized, on behalf of the Philippines, to negotiate and execute and deliver the Issue Documents;

(ii) The favorable opinion or concurrence of the Monetary Board of the *Bangko Sentral* on the issuance of the Bonds as may be required by law.

d. The Republic shall have, in case the Bonds shall be in certificated form, duly executed and delivered the Bonds, on or before 10:30 a.m. (Manila time) of the Issue Date.

e. The Republic shall have procured, to the satisfaction of the Dealer(s), that the Bonds qualify in the same manner as all other treasury notes and bonds in respect of (i) insurance reserves under the rules and regulations of the Insurance Commission, (ii) performance and judicial bonds; and (iii) permitted foreign currency cover for FCDU liabilities.

f. The absence of any official announcement by the DoF or *Bangko Sentral* which would have an adverse effect on the marketability of the Bonds.

5.2 The obligation of each Dealer in respect of the first issue of the Bonds pursuant to these Program Mechanics shall, in addition to Section 5.1, be subject to the delivery of legal opinion/s from legal counsel appointed by the Joint Issue Managers in respect of the first issue in form and content satisfactory to the Dealers.

6. INDEMNITY

6.1 Without prejudice to the other rights or remedies of the Dealers, the Republic shall keep each Dealer indemnified against all losses, liabilities, costs, claims, charges, expenses, actions or demands which such Dealer may incur or which may be made against it as a result of or in relation to:

a. any failure by the Republic to issue on the Issue Date the Bonds (unless such failure is as a result of the failure by the relevant Dealer to pay the aggregate subscription price for its subscription of the Bonds); or

b. any actual breach of the representations and warranties and undertakings contained in, or made or deemed to be made by the Republic pursuant to, any Issue Document; or

c. any untrue or misleading statement in, or omission from, any Issue Document.

6.2 In case any action shall be brought against any Dealer in respect of which indemnity may be sought from the Republic, the relevant Dealer shall promptly notify the Republic in writing and shall employ such legal advisers as may be agreed between such Dealer and the Republic or, in default of agreement, as such Dealer may select.

7. GOVERNING LAW; SUBMISSION TO JURISDICTION

- 7.1 The Issue Documents shall be governed by, and construed in accordance with, the law of the Philippines.
- 7.2 Any suit, action or proceeding against the Republic with respect to an Issue Document or on any judgment entered by any court in respect thereof may be brought in any competent court in the cities of Makati or Manila, and the parties hereby submit to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment.
- 7.3 If any legal action or other proceeding is brought in connection with any provisions of any other Issue Document, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceedings.

THE REPUBLIC OF THE PHILIPPINES

By: _____
Hon. Roberto B. Tan
Treasurer of the Philippines

Schedule 1**TERMS AND CONDITIONS OF THE
MULTICURRENCY RETAIL TREASURY BONDS**

[to be completed for each issue of Multicurrency RTBs]

[Date]

[ISIN No. _____]

*The issue of a minimum of [_____ -year and _____ -year] [Fixed/Floating] Rate Multicurrency Retail Treasury Bonds due _____ (the “**Bonds**”) was authorized pursuant to the authorization of the Secretary of Finance of the Republic of the Philippines (the “**Republic**”) under Republic Act 245, as amended, in consultation with the Monetary Board of the Bangko Sentral ng Pilipinas (the “**Bangko Sentral**”). The President of the Republic of the Philippines approved the issue of the Bonds.*

1. DEFINITIONS

1.1 For the purposes of these Terms and Conditions:

“Aggregate Bondholder Votes” means the total number of votes held by all the Bondholders corresponding to all the Bonds for the time being outstanding, determined in accordance with Condition 15.

“Closed Period” means the period described in Condition 3(ii) during which no Bondholder may require any transfer of the Bonds to be recorded on the Bond Register;

“Convening Selling Agent” has the meaning set out in Condition 14.1;

“Default” means an Event of Default or an event which with notice or lapse of time or both would become an Event of Default;

“Event of Default” means an event specified as such in Condition 9.1;

“Extraordinary Resolution” means a resolution on any of the matters set out in Condition 14.7 hereof requiring the approval of Bondholders holding or representing at least 51% of the Aggregate Bondholder Votes;

“Interest Payment Date” means [to be specified for each issue];

“Interest Record Date” means the Business Day preceding an Interest Payment Date;

“Issue Date” means [to be specified for each issue];

“Issue Price” means [to be specified for each issue];

“Maturity Date” means [to be specified for each issue];

“Retail Investor” means [*insert here the eligible retail investors*];

“Retail On-Selling Period” means the a period commencing on the Issue Date up to and including the date that is [*insert number of days ()*] Business Days from the Issue Date, during which the Selling Agent shall be required to sell to Retail Investors in compliance with its Retail Sales Obligation;

“Retail Sales Obligation” means the requirement on all Selling Agents to on-sell to Retail Investors at least [*insert percentage ()*] of its subscription for the [*insert applicable tranche/s*] at any time before the lapse of the Retail On-selling Period;

“Selling Agent” means a GSED that made a successful bid for the Bonds during the Auction and qualified to on-sell the Multicurrency RTB.

“Transfer Forms” means the document executed in conformity with the requirements of the Program Mechanics by a transferor and a transferee of the Bonds who are both Bondholders having ROSS Primary Securities Account, which evidences the transfer of the Bonds.

“Tranche/s” means the [specify tranche] and/or [specify tranche].

1.2 Terms not defined herein have the meanings set forth in the Program Mechanics.

2. FORM, DENOMINATION AND TITLE

2.1 **Form and Denomination.** The Bonds shall be issued in scripless form and will be sold during the public offer period in the currency and minimum denominations specified below:

- a. [insert currency] Tranche. This Tranche shall be denominated in [insert currency] in minimum denominations of [insert minimum denomination] and integral multiples thereof;
- b. [insert currency] Tranche. This Tranche shall be denominated in [insert currency] in minimum denominations of [insert minimum denomination] and integral multiples thereof;
- c. [add if more than two currencies]

2.2 **Title.** Title to the Bonds shall be evidenced by registration in the Bond Register. Except as ordered by a court of competent jurisdiction or as required by law, a Bondholder shall be deemed to be and may be treated as the absolute owner of the Bonds registered in its name in the Bond Register for all purposes, whether or not the Bonds are overdue or outstanding and regardless of any notice of ownership, trust or an interest in it.

3. TRANSFER OF THE BONDS

One or more Bonds are transferable in accordance with the provisions of the Program Mechanics and these Terms and Conditions. With respect to the transfer of the Bonds by and among Bondholders having ROSS Primary Securities Accounts, the transferor and the transferee of a Bond shall execute the relevant Transfer Forms and deliver them to the Registrar. The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfer.

On the other hand, the transfer of the Bonds held by Investors through Third Party Custodians shall be governed by the applicable requirements and procedures of the relevant Third Party Custodian, subject only to these Program Mechanics. The Third Party Custodians shall provide the Republic with a certified copy of the current Investor's List when required by the Republic.

- (i) **Transfer Charges.** Unless otherwise provided by the Republic, any transfer of the Bonds by Bondholders shall be subject to the payment of the corresponding taxes, fees and other charges that may be imposed in relation to it.
- (ii) **Closed Periods.** No Bondholder may require the transfer of any Bonds to be registered by the Registrar in the Bond Register:
 - (a) during the period of [two (2)] Business Days ending on (and including) the due date of any redemption payment of principal;
 - (b) during the period of [one (1)] Business Day preceding any Interest Record Date.

The Registrar will prevent any transfer of the Bonds to be recorded in the Register during any Closed Period. Bondholders at the start of any such Closed Period will be treated by the Registrar as the beneficial owners of such Bonds for any relevant payment or allocation purposes.

4. STATUS

The Bonds constitute direct, unconditional, unsubordinated and general obligations of the Republic and shall at all times rank *pari passu* and without any preference among themselves. The Bonds shall have the benefit of a sinking fund to be established by the Republic in accordance with Condition 11 hereof. The payment obligations of the Republic under the Bonds shall rank *pari passu* in priority of payment with all other present and future unsecured and unsubordinated Indebtedness of the Republic.

5. INTEREST

The applicable interest rate for each Tranche shall be as follows:

- a. [insert currency] Tranche. The applicable interest rate for this Tranche shall be [insert applicable interest rate]. The applicable interest shall be payable [insert

terms of payment and calculation].

- b. [insert currency] Tranche. The applicable interest rate for this Tranche shall be [insert applicable interest rate]. The applicable interest shall be payable [insert terms of payment and calculation].
- c. [add if more than two currencies]

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 **Final Redemption.** [to be specified for each issue]

6.2 **Redemption for Taxation Reason.** [to be specified for each issue]

6.3 **Purchase and cancellation.** The Republic may at any time, purchase the Bonds in the secondary market, or by tender or by contract or otherwise at any price. All Bonds so purchased or redeemed will be deemed to be redeemed and canceled by the Republic and may not be re-issued or re-sold.

7. PAYMENTS

7.1 **Principal and Interest.** Payment of principal on the Maturity Date and of interest on each Interest Payment Date will be made by the Republic in the same currency as the currency of the corresponding Tranche of the Bond by crediting the Registered Account of the relevant Bondholder with the full amounts then due and payable. Upon such crediting, the Republic shall be deemed to have made payment to all Bondholders on the day of such crediting. For the avoidance of doubt, the Republic shall be deemed to have made payments due on the Bonds held by Third Party Custodians upon crediting the Registered Account of the Third Party Custodian. Third Party Custodians shall, in turn, be responsible for distributing payment to each investor identified in their respective Investors Lists. If any payment in respect of the Bonds would otherwise be due on a day that is not a Business Day, such payments shall be made on the next succeeding day that is a Business Day without adjustment to the amount of interest to be paid.

7.2 **Interest Record Date.** Interest on the Bonds will be paid on each Interest Payment Date to the Registered Account of the relevant Bondholder of record, as shown on the Bond Register at the close of business on the Interest Record Date.

7.3 **Fiscal laws.** All payments are subject in all cases to any applicable fiscal or other laws and regulations.

8. COVENANTS

The Republic covenants and agrees that until payment in full of all amounts payable by the Republic under the Bonds, the Republic shall:

- a. obtain or procure the obtaining of and thereafter maintain in full force and effect every consent and license and do all other acts and things as may from time to time be necessary or desirable for the due performance of its obligations hereunder;
- b. promptly inform the Bondholders of:
 - (i) any occurrence of any event of which it becomes aware and which constitutes an Event of Default or a default in respect of the Bonds or which by giving of notice and/or by lapse of time or otherwise would constitute a default in respect of the Bonds; or
 - (ii) any occurrence of any event of which it becomes aware and which in its reasonable opinion would otherwise have a Material Adverse Effect;
- c. at all times comply with, or cause to be complied with, all applicable laws, statutes, rules, regulations, orders and directives;
- d. pay all of its debt and perform all contractual obligations promptly and in accordance with their terms, including, without limitation, its obligations in respect of the Bonds, and duly pay and discharge all taxes, assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings;
- e. obtain, maintain and comply with the terms of, and supply to the Bondholders certified copies of, any authorization required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, the Bonds;
- f. supply to the Dealers promptly upon becoming aware of such, a notice of any litigation, arbitration or administrative proceedings which are current, threatened or pending, and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or which may make it improbable for the Republic to perform its obligations under the Bonds; and
- g. ensure that at all times the claims of the Bondholders against it under the Bonds rank at least *pari passu* with the claims of all its other creditors in respect of Indebtedness.

9. EVENTS OF DEFAULT

- 9.1. **Events of Default.** Each of the following events shall constitute an Event of Default under the Bonds (whether or not caused by any reason whatsoever outside the control of the Republic or any other Person):
 - a. the Republic fails to pay when due any amount payable by the Republic hereunder;

- b. the Republic defaults in the performance or observance of, or compliance with, any of its obligations under the Bonds and such default continues for a period of thirty (30) days after notice of such default has been given to the Republic;
- c. (i) any Indebtedness of the Republic is not paid (a) when due (after the expiry of any grace period, if applicable) or (b), by reason of a default or event of default (howsoever described and whether or not involving culpability on the part of any Person), and the aggregate of all such Indebtedness exceeds P500,000,000.00 or its equivalent in Foreign Currency; or

(ii) an event of default (howsoever described) occurs under any document relating to any Indebtedness of the Republic which has not been unconditionally waived and the aggregate amount of all such Indebtedness exceeds P500,000,000.00 or its equivalent in Foreign Currency;
- d. any approval for the Republic required in relation to the performance of its payment or other material obligations under, or for the validity or enforceability of, the Bonds is revoked, rescinded, suspended or otherwise limited in effect (notice of which shall be given by the Republic to the Dealers forthwith upon the Republic becoming aware thereof);
- e. the Republic is unable to, or admits inability to pay its Indebtedness as it falls due or makes a general assignment for the benefit of or composition with its creditors;
- f. any event occurs or any circumstance arises which would otherwise have a Material Adverse Effect, and such event or circumstance remain unremedied for a period of forty-five (45) days after written notice thereof shall have been received by the Republic;
- g. the Republic repudiates the obligations under the Bonds or makes any official declaration evidencing an intention to repudiate the Bonds;
- h. at any time it is or becomes unlawful for the Republic to perform or comply with any or all of its obligations hereunder or any of the obligations of the Republic hereunder are not or cease to be legal, valid, binding and enforceable; and
- i. a general moratorium on the payment or performance of the obligations in respect of any Indebtedness of the Republic (including any guarantee of any obligation) shall be declared by the Republic.

9.2. **Consequences of Default.** If an Event of Default shall have occurred, then at any time thereafter, if any such event shall then be continuing, by written notice to the Republic, the Bondholders holding at least twenty five percent (25%) of the Aggregate Bondholder Votes, may declare the entire unpaid principal amount of the Bonds, all interest accrued and unpaid thereon and all other amounts payable hereunder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without

presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Republic.

10. FEES AND EXPENSES

The Republic shall reimburse the Bondholders on demand for all reasonable and documented expenses incurred by them in connection with the enforcement of the Bonds from and after the occurrence of an Event of Default. Such expenses shall be reimbursed whether or not any Bondholder gives notice of such Event of Default or demands acceleration of the amounts due from the Bonds or takes other action to enforce the provisions of the Bonds.

11. SINKING FUND

The Republic shall set up and maintain a sinking fund with the BTr in order to accumulate the amounts necessary to pay the principal of the Bonds on the Maturity Date.

12. TAXATION

All amounts payable by the Republic in respect of the Bonds shall be made without set-off or counterclaim, and free and clear and without any deduction or withholding on account of any Indemnifiable Taxes, all of which shall be for the account of the Republic and shall be paid by the Republic directly to the relevant taxing or other authority when due. If the Republic shall be required by law to make any deduction or withholding in respect of Indemnifiable Taxes from any payment hereunder, the sum payable shall be increased as will result in the receipt by the Bondholders, after such deduction or withholding, of the amount that would have been received if such deduction or withholding had not been required.

13. NOTICES

Notices to Bondholders may be (i) mailed to them at their respective addresses specified in the Bond Register, or (ii) posted through any electronic financial information provider, or (iii) advertised in any newspaper of general circulation in the Philippines, at the option of BTr.

14. MEETINGS

Meetings of Bondholders may be convened to discuss any matter affecting the Bonds, including, without limitation, any proposals for modifications to these Terms and Conditions.

14.1 Convening a Meeting

- a. If any Selling Agent (for purposes of this Condition, a "Convening Selling Agent") receives a written request from the Republic or from Bondholders holding at least ten percent (10%) of the Aggregate Bondholder Votes, and is indemnified to its satisfaction against all costs and expenses, such Selling Agent shall convene a meeting of Bondholders. In the event more than one Selling Agent receives a written request regarding the same subject matter, the Convening Selling Agent shall be the Selling Agent who has received a written notice at the

earliest time. Every meeting shall be held at a time and place approved by the Convening Selling Agent.

- b. At least twenty-one (21) days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Bondholders. A copy of the notice shall be given by the Convening Selling Agent to the other parties. The notice shall specify the day, time and place of meeting and, unless the Convening Selling Agent otherwise agrees, the nature of the resolutions to be proposed and shall explain how Bondholders may appoint proxies or representatives and the details of the time limits applicable.

14.2 **Convening Selling Agent's Power to Prescribe Regulations.** The Convening Selling Agent may prescribe regulations in addition to those set out herein regarding the holding of the meeting in respect of which it is the Convening Selling Agent and attendance and voting as it determines to be reasonable and appropriate.

14.3 **Chairman.** The chairman of a meeting shall be such person as the Convening Selling Agent may nominate in writing, but if no such nomination is made or if the person nominated is not present within fifteen (15) minutes after the time fixed for the meeting, the Bondholders, their appointed proxies or representatives present shall choose one of their number to be chairman, failing which the Republic may appoint a chairman. The chairman may, but need not, be a Bondholder or an agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

14.4 **Attendance.** Apart from the Bondholders and their appointed proxies or representatives, the chairman, the Republic and the Convening Selling Agent (through their respective representatives) and their respective financial and legal advisers, no other person may attend or speak at meetings of Bondholders.

14.5 **Quorum and Adjournment**

- a. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within fifteen (15) minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Bondholders or if the Republic and the Convening Selling Agent agree, be dissolved. In any other case it shall be adjourned until such date, not less than fourteen (14) nor more than thirty (30) days later, and time and place as the chairman may decide. If a quorum is not present within fifteen (15) minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- b. Two or more Bondholders holding or representing at least ten percent (10%) of the Aggregate Bondholder Votes, shall form a quorum provided, however, that (i) no declaration in relation to an Event of Default referred to in Condition 9.2 above (an "Event of Default Declaration") may be passed unless there is present at such meeting Bondholders, or proxies or representatives of Bondholders, holding at least ten percent (10%) of the Aggregate Bondholder Votes, and (ii)

- no Extraordinary Resolution may be passed unless there is present at such meeting in which the proposal for the adoption of an Extraordinary Resolution Bondholders, or proxies or representatives of Bondholders, holding or representing at least ten percent (10%) of the Aggregate Bondholder Votes
- c. The chairman may adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph.
 - d. At least ten (10) days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

14.6 **Voting**

- a. Each question submitted to a meeting shall be decided by a poll which shall be taken in such manner as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken.
- b. Every person who is present in person or through his proxy or representative, and who is indicated in the Bond Register as a Bondholder has such number of votes as may be determined in the manner prescribed in Condition 15 below.

14.7 **Powers of Meetings**

A meeting shall have power by Extraordinary Resolution:

- i. to sanction any proposal by the Republic or by Bondholders for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Republic;
- ii. to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into other securities of the Republic or any other entity;
- iii. to assent to any modification of the Bonds proposed by the Republic or the Convening Selling Agent; and
- iv. to appoint any persons (whether Bondholders or not) as a committee or committees to represent the Bondholders' interests and to confer on them any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.

- 14.8 **Effect and Publication of an Extraordinary Resolution.** An Extraordinary Resolution shall be binding on all the Bondholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The Republic and/or the Convening Selling Agent shall give notice of the passing of an Extraordinary Resolution to Bondholders within fourteen (14) days but failure to do so shall not invalidate the resolution.

14.9 **Minutes.** Minutes shall be made of all resolutions and proceedings at every meeting. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

15. BONDHOLDER VOTES

15.1 For purposes of Conditions 9.2 and 14 of these Terms and Conditions, a Bondholder has such number of votes as may be determined in the manner prescribed below:

- a. Bondholder of [insert currency] Tranche - one vote for each [insert minimum denomination] principal amount of the Bonds.
- b. Bondholder of [insert currency] Tranche - one vote for each [insert minimum denomination] principal amount of the Bonds.
- c. [add if more than two currencies]

16. GOVERNING LAW AND JURISDICTION

16.1 The Bonds shall be governed by, and construed in accordance with, the laws of the Philippines.

16.2 Any suit, action or proceeding against the Republic with respect to the Bonds or on any judgment entered by any court in respect thereof may be brought in any competent court in Makati City or Manila, and the parties hereby submit to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment.

16.3 If any legal action or other proceeding is brought in connection with any provisions of the Bonds, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceedings.

Schedule 2**NOTICE OF OFFERING**

To : All Government Securities Dealers

Date :

Subject : **Notice of Offering**
Republic of the Philippines Multicurrency Retail Treasury Bonds due

Please be advised that the Department of Finance (“DOF”) of the Republic of the Philippines (the “Republic”), through the Bureau of Treasury (“BTr”), will issue multicurrency ___-year and ___-year [Fixed Rate/Floating Rate] Retail Treasury Bonds (the “Bonds”) in an aggregate nominal principal amount of _____

You are invited to participate as a Selling Agent in respect of such issue, subject to the provisions of this Notice of Offering, the Program Mechanics for the Issuance of Multicurrency Retail Treasury Bonds dated [● *insert date*] (the “Program Mechanics”) and the Principal Commercial Terms attached as **Schedule 1** (collectively, the “Applicable Terms”). The Program Mechanics, a copy of which is available for inspection at the BTr, shall be deemed to be incorporated by reference in, and to form part of, this Notice of Offering. The contemplated issue will be governed by the Applicable Terms. Please be advised that your submission of the Accession Letter and Bid/Proposal Notice signifying your agreement to participate in the issue as a Dealer shall constitute an agreement on your part to be bound by the Applicable Terms in relation to such issue.

Below is the timetable of activities relative to captioned issue.

Auction Date :
Public Offer Period :
Issue Date :

[Mechanics of the auction, if any, to be described]

[Information to be provided by prospective Dealers, relating to the bid or proposal, to be described]

The Republic, through BTr, reserves the right to revise the timetable. You will be notified through accredited electronic financial information providers chosen by BTr, such as Reuters, Bloomberg, or any of its successors, at the option of the BTr, of any change in the timetable of activities.

Further, a copy of this Notice of Offering and its annexes may be accessed through the BTr website.

Interested Dealers must submit their bids electronically through their respective Reuters terminals on or before 1:00 p.m. of the Auction Date.

Terms not defined herein have the meanings set forth in the Program Mechanics.

REPUBLIC OF THE PHILIPPINES

Schedule 1

Principal Commercial Terms

Issuer	:	REPUBLIC OF THE PHILIPPINES
Issue Managers	:	
Selling Agents	:	
Issue Currency and Amount	:	
Nature and Amount of Bid	:	
Auction Date	:	
Amount of Tender	:	
Public Offer Period	:	
Issue Date	:	
ISIN/Series Code	:	
Form and Denomination	:	
Maturity Date	:	
Issue Price	:	
Redemption Price	:	
Interest Rate	:	
Interest Payment Date	:	
Manner of Settlement	:	
Selling and Transfer Restriction	:	
Retail Investors	:	
Retail Sales Obligations	:	
Selling Agency Fees	:	

Taxation :

Status :

Sinking Fund :

Eligibility :

Schedule 3**FORM OF ACCESSION LETTER****[COMPANY LETTERHEAD]****BY HAND AND BY FACSIMILE**

Fax No. []

[Date]

Bureau of the Treasury
Palacio del Gobernador
Intramuros, ManilaFor the attention of: [Name]
Treasurer of the Philippines

Gentlemen:

**Republic of the Philippines (the "Republic") Multicurrency Retail Treasury Bonds
due [_____]**

We hereby confirm our agreement to participate as one of the Dealers in the issue of Multicurrency Retail Treasury Bonds (the "Issue") subject of the Notice of Offering dated [_____] issued by the Department of Finance, through the Bureau of the Treasury (the "Notice of Offering") and further confirm that we have submitted a Bid/Proposal Notice electronically in response to the Notice of Offering. We acknowledge that the Issue shall be governed by and subject to the Applicable Terms (as defined in the Notice of Offering) and hereby expressly accept and agree to be bound by the Applicable Terms.

Very truly yours,
[COMPANY]Authorized Signatory:
Date:

Schedule 4

FORM of BID/PROPOSAL NOTICE

IMPORTANT: CLOSING DATE FOR RECEIPT OF TENDER IS

At 1:00 p.m.

N.B. INSERT THIS TENDER IN SPECIAL ENVELOPE MARKED "TENDER FOR MULTICURRENCY RETAIL TREASURY BONDS"

TENDER FOR MULTICURRENCY RETAIL TREASURY BONDS

Date _____

Tender for _____ YEAR TREASURY BONDS _____ TRANCHE _____ SERIES
 ISSUE DATE _____
 MATURITY DATE _____

TO: BUREAU OF TREASURY
 Manila, Philippines

Pursuant to the provisions of the Notice of Offering dated [insert date], dated issued by the Bureau of Treasury, inviting tenders for the above-described Bonds, the undersigned offers to purchase such Bonds in the amount indicated below, and agrees to make payment therefore at your bank on or before the issue date in the manner and at the price indicated below:

(a) COMPETITIVE TENDERS	(b) NON-COMPETITIVE TENDERS
Maturity Value _____ (Shall not be less than ___ M)	For Dealers only: _____ (Maturity Value)
Rate _____	(Shall not be less than ___ M. for each maturity)
	For Non-Dealers only: _____ (Maturity Value)
	(Shall not be less than ___ M. for each maturity)

PAYMENT WILL BE MADE AS FOLLOWS:

PDDTS SWIFT Charge our Demand Deposit Others
 with _____

(c) THIS TENDER IS:

Accompanied by five percent (5%) deposit

In cash

In Certified/Cashier's Check

Accompanied by an express guaranty of payment by an incorporated bank.

Exempt from the deposit requirement

(d) NAME OF BIDDER _____

(Please Print)

By _____

By _____

(Official signatures required)

TITLE _____

ADDRESS _____

TEL. NO. _____ (for T/Bonds Inquiries)

Schedule 5

FORM OF NOTICE OF ACCEPTANCE

Date:

No.:

ACCEPTANCE OF []-YEAR MULTICURRENCY RETAIL TREASURY BONDS

DESCRIPTION OF []-YEAR RETAIL TREASURY BONDS Issue Date : Maturity Date : Coupon Rate : []%
--

To: _____

In accordance with your tender or tenders, you have been awarded by the Auction Committee, the following bonds:

<u>Maturity Value</u>	<u>Yield to Maturity</u>	<u>Cost</u>
0.00	0.000%	0.00
0.00	0.000%	0.00
0.00	0.000%	0.00
0.00	0.000%	0.00
0.00	0.000%	0.00
0.00	0.000%	0.00
<u>0.00</u>	Total	<u>0.00</u>
=====		=====

Settlement of the corresponding purchase price in the amount of _____ must be made as indicated in your tender form on or before the issue date.

Schedule 6-A**FORM OF ISSUE MANAGEMENT AGREEMENT**

This **ISSUE MANAGEMENT AGREEMENT** (this “**Agreement**”) is entered into this ___ day of _____ (the “**Signing Date**”) by and among:

THE REPUBLIC OF THE PHILIPPINES, (the “**Republic**”) acting through its Department of Finance (the “**DOF**”) and the Bureau of the Treasury (the “**BTr**”)

and

[] (the “**Joint Issue Managers**”/ “**Joint Issue Coordinators**”)

RECITALS:

- (A) Pursuant to Republic Act No. 245, as amended, and the Program Mechanics for the Issuance of Multicurrency Retail Treasury Bonds dated [insert date] (the “**Program Mechanics**”), the Republic has authorized, through the Special Authority issued by the President dated 1 March 2010, the creation and issue of multicurrency retail treasury bonds of a minimum aggregate principal amount equivalent to [insert amount] in the form of [Fixed Rate/Floating Rate] Multicurrency Retail Treasury Bonds due in [insert year/s] (the “**Multicurrency RTBs**”); and
- (B) Each Issue Manager is willing to undertake the distribution of the Bonds, pursuant to the terms and conditions set out herein.
- (C) Terms not otherwise defined herein shall have the same meaning set out in the Program Mechanics for the Issuance of the Bonds dated [insert date].

IT IS AGREED AMONG THE PARTIES AS FOLLOWS:

1. COMMITMENT TO MANAGE ISSUE:

- 1.1 **Agreement to Manage Issue.** Subject to the terms and conditions of this Issue Management Agreement, each Issue Manager commits severally to manage the distribution and selling of the Bonds.
- 1.2 **Obligations of the Joint Issue Managers.** The Joint Issue Managers shall:
 - 1.2.1. Assist the Republic in the preparation of the necessary selling materials on the Bonds.
 - 1.2.2. Identify the target market for the Bonds and design the distribution and selling strategy thereof.
 - 1.2.3. Implement the distribution and selling strategy.

- 1.2.4. Coordinate the activities of the other selling agents.
 - 1.2.5. Ensure the widest distribution of the Bonds in the retail market. In the event that any of the Joint Issue Managers fail to qualify as a Selling Agent for the Bonds, such Joint Issue Manager shall not be entitled to any selling agency fee but shall still be required to distribute the Bonds; Provided, that each of the Joint Issue Managers shall still be required to comply with the Retail Sales Obligation.
 - 1.2.6. Submit to the Republic a consolidated report on retail sales performance of their respective branches, by [insert date].
 - 1.2.7. Submit to the Republic a post-Issue analysis and narrative report to serve as basis for future issuances of the Bonds, twenty (20) business days after Retail On-selling Period;
 - 1.2.8. Perform such other duties as may be mutually agreed upon by the Joint Issue Managers and the Republic.
- 1.3 **Several Obligations.** The obligations of each Issue Manager are several, and not joint and solidary with each other and nothing in this Agreement shall be deemed to create a partnership or joint venture among the Issue Managers. The failure by any Issue Manager to carry out its obligations hereunder shall not relieve the others of their obligations, nor shall any Issue Manager be responsible for the obligations of the others. Each Issue Manager shall be entitled, at its option, to take independent measures with respect to its obligations and rights under this Agreement, and it shall not be necessary for the other Issue Managers to be joined as an additional party in any judicial or other proceeding for such purpose.

2. ISSUE OF THE BONDS AND PUBLICITY

- 2.1 **Issue of the Bonds.** The Republic agrees to issue the Bonds on [*insert date*] or on such later date as the parties may agree pursuant to Section 2.2 (the “**Closing Date**” or “**Issue Date**”). Unless otherwise provided herein, the issuance hereunder, and the Bonds, shall be subject to the Program Mechanics and the provisions in the Notice of Offering dated [•], [the “**Notice of Offering**”].
- 2.2 **Publicity.** The Republic confirms that it has agreed to the Terms and Conditions of the Bonds as described in the Program Mechanics, Notice of Offering and the Relevant Agreements and confirms that all information contained in the marketing documents (collectively, the “**Marketing Documents**”) are true and accurate. The Republic hereby authorizes the Joint Issue Managers to distribute copies of the Terms and Conditions of the Bonds and the Marketing Documents in connection with the offering of the Bonds. In the event that the Issue Date is postponed and the terms and conditions of the issue of the Bonds are amended, the Marketing Documents shall be amended accordingly.

3. OFFERING PROCEDURE

- 3.1 **Auction.** The Republic shall conduct an auction on **[insert date]** or on such other later date as the parties may agree.

Such auction shall follow the applicable procedures for the competitive auction of treasury bonds issued pursuant to Republic Act No. 245 as amended, as set out in DOF Department Order No. 141-95, series of 1995, as amended, except to the extent modified by the following:

- (a) **Public Notice of Offering.** The Republic, through the BTr, shall, by public notice, offer the Bonds for sale and invite tenders therefor from accredited Government Securities Eligible Dealers (“**GSEDS**”). The public notice shall be transmitted through Reuters or, at the option of the Republic, through other accredited financial information providers or any of their successors, and shall indicate the Issue Price, the Issue Date, the Maturity Date, the date and hour of closing for the receipt of tenders, and the date and hour on which payment for accepted tenders must be made or completed. The offers to purchase shall be given in accordance with the procedures set out in the Program Mechanics and shall be governed by and subject to the Applicable Terms (as defined in the Notice of Offering).
- (b) **Issue Price.** The Bonds will be issued at a price of 100% of their nominal principal amount.
- (c) **Maximum Interest Rate.** The rate at which bidders will be requested to bid shall not exceed the rate that is set by the Republic on auction date. (the “**Maximum Interest Rate**”). The Maximum Interest Rate shall be stated in three (3) decimal places.
- (d) **Apportionment of Awards and Reservation of Right.** The Republic will accept bids for the Bonds in ascending order of cost at coupon rates up to the Maximum Interest Rate or at such other rate as the Republic may determine. The highest rate at which bids are accepted shall constitute the “**Cut-Off Rate**”. If, at the Cut-Off Rate, the same rate appears in two (2) or more tenders, and it is necessary to accept only part of the amount offered at such rate, the amount accepted at such rate shall be prorated among the relevant bidders in accordance with the respective amounts applied for. The Republic, through the auction committee established pursuant to Republic Act No. 245 as amended, reserves the right to accept or reject any or all tenders or parts of the tenders and to award less than the amount applied for. The Republic likewise reserves the right to accept tenders that would result in the issuance by the Republic of the Bonds in excess of the aggregate **[insert amount]**. The Republic shall announce the results through the issuance of a Notice of Acceptance in accordance with the Program Mechanics.

- (e) **Interest Rate.** The Bonds will bear a [fixed/floating] interest rate (the “**Interest Rate**”) which shall be the Cut-Off Rate. Interest will accrue daily on a 30/360-day basis, and will be paid [quarterly/semi-annually] in arrears on the last day of each [3-month/6-month] Interest Period in accordance with the Terms and Conditions.
- (f) **Taxation.** The interest income earned by the investors on the Bonds shall be subject to the prevailing withholding tax, except as otherwise prescribed in the Terms and Conditions of this Issue.

Documentary stamp tax (DST) on original issue of the Bonds shall be for the account of the Republic.

- (g) **Form and Denomination.** The Bonds shall be issued in scripless form and will be sold during the public offer period in the currency and minimum denominations specified below:
- i. [insert currency] Tranche. This Tranche shall be denominated in [insert currency] in minimum denominations of [insert minimum denomination] and integral multiples thereof;
 - ii. [insert currency] Tranche. This Tranche shall be denominated in [insert currency] in minimum denominations of [insert minimum denomination] and integral multiples thereof;
 - iii. [add if more than two currencies]

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

4.1 **Representations, Warranties and Undertakings of the Republic.** In addition to the representations, warranties and covenants made by the Republic in the Program Mechanics, the Republic represents and warrants to, and undertakes with, each of the Joint Issue Managers that:

- (a) **Announcements.** Between the date hereof and the Closing Date (both dates inclusive) the Republic undertakes to inform the Joint Issue Managers in advance of any official announcement by the DOF or the *Bangko Sentral ng Pilipinas* which would have an adverse effect on the marketability of the Bonds;
- (b) **Marketing Documents.** All information supplied by the Republic to the Joint Issue Managers in respect of the Bonds, including information supplied for purposes of the Marketing Documents, are true and accurate in all material respect and are not misleading and all forecasts and estimates so supplied have been made after due and proper consideration;
- (c) **Clear Market Clause.** For a period not exceeding [Ten (10)] Business Days from the date of this Agreement, the Republic undertakes not to

launch any issue of treasury notes and bonds or other peso-denominated debt securities or syndicate, privately place or in any way arrange any fund raising, which, in the reasonable opinion of the Joint Issue Managers would compete with or be detrimental to the borrowing contemplated hereunder. For purposes of this Agreement, "Business Day" means a day on which commercial and foreign exchange markets generally settle payment in Makati City and Manila, Philippines.

- (d) **Eligibility.** The Bonds qualify in the same manner as all other treasury notes and the Bonds in respect of (i) insurance reserves under the rules and regulations of the Insurance Commission, (ii) performance and judicial bonds, and (iii) permitted foreign currency cover for FCDU liabilities
 - (e) **No Material Adverse Change.** On or prior to the Closing Date, there shall be no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), prospects or general affairs of the Republic that is material in the context of the Issue Documents.
- 4.2 **Mutual Undertakings.** The Republic shall forthwith notify the Joint Issue Managers if, at any time on or prior to the Closing Date, anything becomes known which renders or may render untrue or inaccurate in any material respect, any of its representations, warranties and undertakings, contained herein and forthwith take such steps as the other party may reasonably require to remedy and/or publicize that fact, including the publication of any appropriate announcement or notice to rectify such untrue or inaccurate representation, warranty or undertaking and redistribution of any offering material distributed by the Joint Issue Managers to potential subscribers.
- 4.3 **Repetition, True and Accurate.** The representations and warranties made by the Republic in Paragraph 4.1 are made and/or given on the date hereof and deemed repeated on the Closing Date and shall survive the completion of the offering of the Bonds.
- 4.4 **Liability Continuing.** Any liability arising in respect of any breach of the foregoing representations, warranties and undertakings shall continue notwithstanding, and shall not be affected by, the completion of the offering and sale of the Bonds pursuant to this Agreement.

5. INDEMNITIES AND LIMITATION

- 5.1 **Indemnity.** The Republic undertakes that it will indemnify and hold harmless the Joint Issue Managers and their affiliates and subsidiaries and, each person, if any, who controls any of them and their respective representatives, directors, officers, employees and agents (each an "**Indemnified Person**") from and against any and all losses, liabilities, costs, claims, damages, expenses (including, but not limited to, legal costs and expenses reasonably incurred) or demands (or

actions in respect thereof) which any of them may incur or which may be made against any of them, insofar as such losses, liabilities, costs, claims, damages, expenses or demands (or actions in respect thereof) arise out of, in relation to or in connection with any breach of any of the representations, warranties, undertakings, covenants and agreements contained in or deemed to be made pursuant to this Agreement including, but without limitation, the failure by the Republic to effect the issue of the Bonds, or in connection with any untrue statement contained in the Marketing Documents or materials circulated or distributed with the consent of the Republic or any omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse each Indemnified Person for all costs, charges and expenses which any Indemnified Person may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred; provided, however, that there will be no obligation to indemnify on the part of the Republic in the event that the loss, liability, claim, cost, damage or expense is caused by the willful misconduct or gross negligence of an Indemnified Person. This indemnity will be in addition to any liability which the Republic may otherwise have. The Republic also agrees that no Indemnified Person shall have any liability to the Republic for or in connection with, the services to be performed pursuant to this Agreement, except for any such losses, liabilities, costs, claims, damages, expenses or demands incurred by the Republic that arise out of or are based upon actions taken or omitted to be taken by such Indemnified Person in bad faith or arise out of or based upon such Indemnified Person's gross negligence or wilful misconduct.

- 5.2 **Notification of Action and Retention of Legal Advisers.** If any action, suit, proceeding (including any government or regulatory investigation), claim or demand ("**Action**") shall be brought or asserted against any Indemnified Person in respect of which indemnity may be sought pursuant to the terms of this Paragraph 5, the Indemnified Person shall promptly notify the Republic in writing, and the Republic, upon request of the Indemnified Person, shall retain legal advisers reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Republic may designate in such Action and shall pay the reasonable and documented fees and expenses of such legal advisers related to such Action. In any such Action, any Indemnified Person shall have the right to retain its own legal advisers, but the fees and expenses of such legal advisers shall be the liability of such Indemnified Person unless any of the following circumstances occur in which case they shall be the liability of the Republic:
- (a) the Republic has failed within a reasonable time to retain legal advisers reasonably satisfactory to the Indemnified Person; or
 - (b) the parties in any such Action include both the Republic and the Indemnified Person and representation of both parties by the same legal advisers would be inappropriate due to actual differing interests between them.

The Republic shall not, in connection with any Action or related Action in the same jurisdiction, be liable (except as mentioned above) for the fees and expenses of more than one separate firm of legal advisers (in addition to any local legal advisers) for all Indemnified Persons.

- 5.3 **Settlement of Actions.** The Republic shall not be liable for any settlement of any Action effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Republic agrees to indemnify any Indemnified Persons from and against any loss or liability by reason of such settlement or judgment. The Republic shall not, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened Action in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such judgment includes an unconditional release of such Indemnified Person from all liability in respect of the subject matter of such Action.

6. CLOSING

Subscription Moneys. On the Closing Date, each Selling Agent or Dealer (as the term is defined in the Program Mechanics) will pay or cause to be remitted in full to the Republic the net subscription moneys for the Bonds subscribed and purchased by it following the procedures set out in Finance Department Order No. 141-95, series of 1995, as amended: *Provided*, that, the Joint Issue Managers shall have the option to set-off any amount owing to the Joint Issue Managers from the Republic, and pay or cause to be paid only that amount that is equal to the aggregate amount payable on the Bonds less the fees, costs and commissions referred to in Paragraph 7 below.

7. FEES, COMMISSIONS AND EXPENSES

Fees and Commissions in the Offering. The Republic agrees to pay to the Joint Issue Managers an Issue Management Fee in an amount to be mutually agreed upon in a separate letter (the “**Fee Letter**”).

All sums payable to the Joint Issue Managers shall be paid in full and without withholding or deduction for, or on account of, any taxes, duties, assessments or government charges of any nature unless such withholding or deduction is required by law, in which event the Republic will pay to the Joint Issue Managers such additional amounts as will result, after such withholding or deduction, in the receipt by the Joint Issue Managers of sums equal to those that the Joint Issue Managers would have received had no such withholding or deduction been required.

8. TERMINATION

- 8.1 **Termination.** Notwithstanding anything contained in this Agreement, each of the Parties may, by notice given to the other at any time on or prior to the Closing Date, terminate this Agreement in any of the following circumstances:

- (a) **Breach.** If there shall have come to the notice of the Party any breach by the other of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties and undertakings contained in Paragraphs 1 and 4.1 hereof or any failure of the Republic or the Joint Issue Managers to perform any of the undertakings or agreements in this Agreement;
 - (b) **Non-Satisfaction.** If any of the conditions specified in Section 5 of the Program Mechanics shall have not been satisfied or waived by the Joint Issue Managers;
 - (c) **Force Majeure.** If there shall have been, in the reasonable opinion of the Joint Issue Managers after consultation with the Republic, any change, or any development involving a prospective change, in national or international monetary, financial, economic, legal, regulatory, fiscal or political conditions or currency exchange rates or foreign exchange controls such as would in their opinion be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.
- 8.2 **Termination by Issuer.** The Republic shall, with notice to the Joint Issue Managers, terminate this Agreement at any time for breach or failure by any of the Joint Issue Managers to undertake any of their duties and obligations under this Agreement.
- 8.3 **Consequences.** Upon the occurrence of any event set out in Paragraph 8.1, this Agreement shall terminate and be of no further effect and no party hereto shall be under any liability to any other in respect of this Agreement, without prejudice to the right of the Republic to impose appropriate sanctions to the Joint Issue Managers for breach of any of their obligations and undertakings under this Agreement, e.g. reduction in the fees payable to the Joint Issue Managers and exclusion from participation in future retail bond issuances of the Republic. Except when the breach is committed by the Joint Issue Managers, the Republic shall remain liable under Paragraph 7 and for the payment of the costs and expenses already incurred or incurred in consequence of such termination.

9. **SURVIVAL**

The representations, warranties, undertakings and indemnities herein shall continue in full force and effect notwithstanding completion of the arrangements for the issue of the Bonds or any investigation made by or on behalf of the Joint Issue Managers or any controlling person or any of their representatives, directors, officers, agents or employees or any of them.

10. NOTICES

All notices, statements and requests hereunder shall be in writing and shall be (a) personally delivered; or (b) transmitted by registered mail or by telex or fax, to the party to its respective address or fax numbers set forth as follows:

To the Republic : **REPUBLIC OF THE PHILIPPINES**
DEPARTMENT OF FINANCE
6th Floor, DOF Building
BSP Complex
Roxas Boulevard, City of Manila
Telephone : 523-4255
Telefax : 521-2948
Attention: The Secretary of Finance

with a copy to : **BUREAU OF THE TREASURY**
Palacio del Gobernador Building
Intramuros, Manila
Telephone: 527-7090
Telefax : 527-3179
Attention: The Treasurer of the Philippines

And in the case of notices from the Republic to the Joint Issue Managers at:

[Name of JIM]
[Address]

Attention:

Telephone:
Fax:

11. GOVERNING LAW AND DISPUTE RESOLUTION

This Issue Management Agreement shall be governed by and construed in accordance with the laws of the Republic. In the event of any dispute in the interpretation and implementation of this Agreement, the parties agree to amicably settle the dispute. Any unresolved dispute shall be referred to arbitration in accordance Republic Act No. 876 or Philippine Arbitration Law, as amended.

12. AMENDMENT

This Agreement may be modified or amended by the Republic and the Joint Issue Managers without the consent of the bondholders for the purpose of curing any ambiguity, or correcting or supplementing any defective provision herein in a manner which shall not adversely affect the interests of the bondholders in any material respect.

13. NO WAIVER, CUMULATIVE REMEDIES

No failure or delay on the party in exercising any right, power or remedy under this Agreement shall operate as a waiver hereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy hereunder. The remedies herein provided are cumulative in nature and not exclusive of any remedies provided by law.

14. SEVERABILITY

In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable, in any respect, the validity, legality, and enforceability of the remaining provisions herein shall not in any way be affected or impaired thereby. The Parties hereto shall endeavour in good faith negotiations replace the invalid, illegal or unenforceable provisions with valid provisions the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

15. NON-GRAFT CLAUSE

The Republic and each of the Joint Issue Managers warrants that none of them has given nor promised to give money or any consideration to any officer or employee of the other party to obtain this Agreement. The violation of this warranty shall constitute a sufficient ground for the rescission or termination of this Agreement without need of judicial action upon a fifteen (15) days prior written notice to the offending party.

16. EXECUTION IN COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Manila as of the day and year first written above.

THE REPUBLIC OF THE PHILIPPINES
acting through the Department of Finance/Bureau of the Treasury

[]

[]

By

By

[NAME OF JIM]

[]

[]

By

By

SIGNED IN THE PRESENCE OF:

Schedule 6-B

FORM OF UNDERWRITING AGREEMENT

THIS **UNDERWRITING AGREEMENT** (this “**Underwriting Agreement**”) is entered into this ____ day of _____, (the “**Signing Date**”) by and among:

THE REPUBLIC OF THE PHILIPPINES, (the “**Republic**”) acting through its Department of Finance (the “**DoF**”)

and

[] (the “**Underwriters**”).

[Include Joint Lead Managers/Lead Mangers, if applicable.]

WHEREAS:

- (A) Pursuant to Republic Act No. 245, as amended, and the Program Mechanics for the Issuance of Multicurrency Retail Treasury Bonds dated [insert date] (the “**Program Mechanics**”), the Republic has authorized the creation and issue of multicurrency retail treasury bonds of a minimum aggregate principal amount equivalent to [insert amount] in the form of [Fixed Rate/Floating Rate] Multicurrency Retail Treasury Bonds due in [insert year/s] (the “**Bonds**”); and
- (B) Each Underwriter is willing to underwrite on a firm basis a portion of the Bonds, pursuant to the terms and conditions set out herein.

IT IS AGREED AMONG THE PARTIES AS FOLLOWS:

1. **COMMITMENT TO UNDERWRITE**

1.1. **Agreement to Underwrite.** Subject to the terms and conditions of this Underwriting Agreement, each Underwriter hereby severally commits to underwrite on a firm basis, and purchase at the Issue Price (as such term is hereinafter defined) the Bonds as shown against its name below (each an “**Underwriting Commitment**”):

Nominal Principal Amount

[.....]..... _____

[]..... _____

Total Underwriting Commitment[]

The underwriting liability of each of the Underwriters arising from this Underwriting Agreement shall be strictly limited to such Underwriter's Underwriting Commitment as set forth above.

- 1.2 **Subscription and Payment.** Following the offer to the public by the Republic of the Bonds in accordance with the offering procedure set out in this Underwriting Agreement (the “**Offering**”), in the event that less than [] in principal amount of the Bonds are allocated, each Underwriter shall subscribe to and purchase in the proportion that its Underwriting Commitment bears to the Total Underwriting Commitment at the [Maximum Coupon Rate (as this term is hereinafter defined)], such amounts of the Bonds as will ensure the sale by the Republic of a minimum of [] in principal amount of the Bonds.
- 1.3 **Several Obligations.** The obligations of each Underwriter are several, and not joint and solidary with each other, and nothing in this Underwriting Agreement shall be deemed to create a partnership or joint venture between the Underwriters. The failure by any Underwriter to carry out its obligations hereunder shall not relieve the other of its obligations, nor shall any Underwriter be responsible for the obligations of the other. Each Underwriter shall be entitled, at its option, to take independent measures with respect to its obligations and rights under this Underwriting Agreement, and it shall not be necessary for the other Underwriter to be joined as an additional party in any judicial or other proceeding for such purpose.

17. ISSUE OF THE BONDS AND PUBLICITY

- 2.1 **Issue of the Bonds.** The Republic agrees to issue the Bonds on [] or on such later date as the parties may agree pursuant to Section 2.2 (the “**Closing Date**” or “**Issue Date**”). Unless otherwise provided herein, the issuance hereunder, and the Bonds, shall be subject to the Program Mechanics.
- 2.2 **Postponement of Issue Date.** [to be supplied for each issue]
- 2.3 **Publicity.** The Republic confirms that it has agreed to the Terms and Conditions of the Bonds as described in the Program Mechanics and the Relevant Agreements and confirms that all information contained in the [*to be specified*] (collectively, the “**Marketing Documents**”) are true and accurate. The Republic hereby authorizes the Joint Lead Managers to distribute copies of the Terms and Conditions of the Bonds and the Marketing Documents in connection with the offering of the Bonds. In the event that the Issue Date is postponed and the terms and conditions of the issue of the Bonds are amended, the Marketing Documents shall be amended accordingly.

18. OFFERING PROCEDURE

[Depends on method of origination.]

19. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 4.1 **Representations, Warranties and Undertakings of the Republic.** In addition to the representations, warranties and covenants made by the Republic in the Program Mechanics, the Republic represents and warrants to, and undertakes with, each of the [Underwriters/Joint Lead Managers] that:
- (a) **Announcements.** Between the date hereof and the Closing Date (both dates inclusive) the Republic undertakes to inform the [Underwriters/Joint Lead Managers] in advance of any official announcement by the Department of Finance or the *Bangko Sentral ng Pilipinas* which would have an adverse effect on the marketability of the Bonds;
 - (b) **Marketing Documents.** All information supplied by the Republic to the [Underwriters/Joint Lead Managers] in respect of the Bonds, including information supplied for purposes of the Marketing Documents, are true and accurate in all material respect and are not misleading and all forecasts and estimates so supplied have been made after due and proper consideration;
 - (c) **Clear Market Clause.** For a period not exceeding 10 days from the date of this Underwriting Agreement, the Republic undertakes not to launch any issue of treasury notes and bonds or other peso-denominated debt securities or syndicate, privately place or in any way arrange any fund raising, which, in the reasonable opinion of the [Underwriters/Joint Lead Managers] would compete with or be detrimental to the borrowing contemplated hereunder; and
 - (d) **Eligibility.** The Bonds qualify in the same manner as all other treasury notes and bonds in respect of (i) the liquidity floor requirement for government funds and reserves for trust duties under the rules and regulations of the *Bangko Sentral ng Pilipinas*, (ii) insurance reserves under the rules and regulations of the Insurance Commission, (iii) performance and judicial bonds, and (iv) permitted foreign currency cover for FCDU liabilities.
 - (e) **No Material Adverse Change.** On or prior to the Closing Date, there shall be no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), prospects or general affairs of the Republic that is material in the context of the Issue Documents.
- 4.2 **Mutual Undertakings.** The Republic shall forthwith notify the Underwriters if, at any time on or prior to the Closing Date, anything becomes known which renders or may render untrue or inaccurate in any material respect, any of its representations, warranties and undertakings, contained herein and forthwith take such steps as the other party may reasonably require to remedy and/or

publicize that fact, including the publication of any appropriate announcement or notice to rectify such untrue or inaccurate representation, warranty or undertaking and redistribution of any offering material distributed by the Underwriters to potential subscribers.

- 4.3 **Repetition, True and Accurate.** The representations and warranties made by the Republic in Paragraph 4.1 are made and/or given on the date hereof and deemed repeated on the Closing Date and shall survive the completion of the offering of the Bonds.
- 4.4 **Liability Continuing.** Any liability arising in respect of any breach of the foregoing representations, warranties and undertakings shall continue notwithstanding, and shall not be affected by, the completion of the offering and sale of the Bonds pursuant to this Underwriting Agreement.

20. INDEMNITIES AND LIMITATION

- 5.1 **Indemnity.** The Republic undertakes that it will indemnify and hold harmless the Joint Issue Managers and Underwriters and their affiliates and subsidiaries and, each person, if any, who controls any of them and their respective representatives, directors, officers, employees and agents (each an “**Indemnified Person**”) from and against any and all losses, liabilities, costs, claims, damages, expenses (including, but not limited to, legal costs and expenses reasonably incurred) or demands (or actions in respect thereof) which any of them may incur or which may be made against any of them, insofar as such losses, liabilities, costs, claims, damages, expenses or demands (or actions in respect thereof) arise out of, in relation to or in connection with any breach of any of the representations, warranties, undertakings, covenants and agreements contained in or deemed to be made pursuant to this Underwriting Agreement including, but without limitation, the failure by the Republic to effect the issue of the Bonds, or in connection with any untrue statement contained in the Marketing Documents or materials circulated or distributed with the consent of the Republic or any omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse each Indemnified Person for all costs, charges and expenses which any Indemnified Person may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred; provided, however, that there will be no obligation to indemnify on the part of the Republic in the event that the loss, liability, claim, cost, damage or expense is caused by the willful misconduct or negligence of an Indemnified Person. This indemnity will be in addition to any liability which the Republic may otherwise have. The Republic also agrees that no Indemnified Person shall have any liability to the Republic for or in connection with, the services to be performed pursuant to this Underwriting Agreement, except for any such losses, liabilities, costs, claims, damages, expenses or demands incurred by the Republic that arise out of or are based upon actions taken or omitted to be taken by such Indemnified Person in bad faith or arise out of or based upon such Indemnified Person’s negligence or willful misconduct.

5.2 **Notification of Action and Retention of Legal Advisers.** If any action, suit, proceeding (including any government or regulatory investigation), claim or demand (“**Action**”) shall be brought or asserted against any Indemnified Person in respect of which indemnity may be sought pursuant to the terms of this Paragraph 5, the Indemnified Person shall promptly notify the person against whom such indemnity may be sought (the “**Indemnifying Person**”) in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain legal advisers reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such Action and shall pay the fees and expenses of such legal advisers related to such Action. In any such Action, any Indemnified Person shall have the right to retain its own legal advisers, but the fees and expenses of such legal advisers shall be the liability of such Indemnified Person unless any of the following circumstances occur in which case they shall be the liability of the Indemnifying Person:

- (c) the Indemnifying Person has failed within a reasonable time to retain legal advisers reasonably satisfactory to the Indemnified Person; or
- (d) the parties in any such Action include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same legal advisers would be inappropriate due to actual differing interests between them.

The Indemnifying Person shall not, in connection with any Action or related Action in the same jurisdiction, be liable (except as mentioned above) for the fees and expenses of more than one separate firm of legal advisers (in addition to any local legal advisers) to all Indemnified Persons, and all such fees and expenses shall be reimbursed as they be occurred.

5.3 **Settlement of Actions.** The Indemnifying Person shall not be liable for any settlement of any Action effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Persons from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened Action in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such judgment includes an unconditional release of such Indemnified Person from all liability in respect of the subject matter of such Action.

21. CLOSING

Subscription Moneys. On the Closing Date, each Underwriter will pay or cause to be paid in full to the Republic the net subscription moneys for the Bonds subscribed and purchased by it following the procedures set out in the DoF’s Department Order No. 141-95, series of 1995, *Provided*, that, the Underwriters shall have the option to set-off

any amount owing to the Underwriters and the Joint Lead Managers from the Republic, and pay or cause to be paid only that amount that is equal to the aggregate amount payable on the Bonds less the fees and commissions referred to in Paragraph 7 below.

22. FEES, COMMISSIONS AND EXPENSES

[To be supplied for each issue.]

23. TERMINATION

8.1 **Termination.** Notwithstanding anything contained in this Underwriting Agreement, the [Underwriters/Joint Lead Managers] may, by notice given to the Republic at any time on or prior to the Closing Date, terminate this Underwriting Agreement in any of the following circumstances:

- (a) **Breach.** If there shall have come to the notice of the [Underwriters/Joint Lead Managers] any breach by the Republic of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties and undertakings contained in Paragraph 4.1 hereof or any failure of the Republic to perform any of the undertakings or agreements in this Underwriting Agreement;
- (b) **Non-Satisfaction.** If any of the conditions specified in Section 5 of the Program Mechanics shall have not been satisfied or waived by the [Underwriters/Joint Lead Managers];
- (c) **Force Majeure.** If there shall have been, in the reasonable opinion of the [Underwriters/Joint Lead Managers] after consultation with the Republic, any change, or any development involving a prospective change, in national or international monetary, financial, economic, legal, regulatory, fiscal or political conditions or currency exchange rates or foreign exchange controls such as would in their opinion be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

8.2 **Consequences.** Upon the occurrence of any event set out in Paragraph 8.1, this Underwriting Agreement shall terminate and be of no further effect and no party hereto shall be under any liability to any other in respect of this Underwriting Agreement, except that the Republic shall remain liable under Paragraph 7 and for the payment of the costs and expenses already incurred or incurred in consequence of such termination.

24. SURVIVAL

The representations, warranties, undertakings and indemnities herein shall continue in full force and effect notwithstanding completion of the arrangements for the underwriting and issue of the Bonds or any investigation made by or on behalf of the

[Underwriters/Joint Lead Managers] or any controlling person or any of its representatives, directors, officers, agents or employees or any of them.

25. **NOTICES**

All notices, statements and requests hereunder shall be in writing and shall be (a) personally delivered; or (b) transmitted by registered mail or by telex or telefax, to the party to its respective address or telefax numbers set forth as follows:

To the Republic : REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF FINANCE
 6th Floor, DOF Building
 BSP Complex
 Roxas Boulevard, City of Manila
 Telephone : 523 4255
 Telefax : 521 2948
 Attention: The Secretary of Finance

with a copy to : BUREAU OF THE TREASURY
 Palacio del Gobernador Building
 Intramuros, Manila
 Telephone: 527 7090
 Telefax : _____
 Attention: _____

And in the case of notices from the Republic to the Underwriters at:

[]

26. **GOVERNING LAW**

This Underwriting Agreement shall be governed by and construed in accordance with the laws of the Republic.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Underwriting Agreement to be signed in their respective names in Manila as of the day and year first written above.

THE REPUBLIC OF THE PHILIPPINES
acting through the Department of Finance/Bureau of the Treasury

By

[]
By

[]

By

Schedule 7

TRANSFER FORM

(LETTERHEAD OF THE SELLER)
Color Code – Yellow

Transaction No. _____
Value Date _____

Director
Liability Management Service
Bureau of the Treasury
2/F Palacio del Gobernador Building
1002 Intramuros, Manila

Attention: **REGISTRY OF SCRIPLESS SECURITIES**

**CONFIRMATION OF OUTRIGHT SALE
OF GOVERNMENT SECURITIES**

The _____, does hereby CONFIRM that it has SOLD, TRANSFERRED AND CONVEYED unto _____, all of its rights, titles and interests over the following described Government Securities, held by the Bureau of the Treasury under the Registry of Scripless Securities (ROSS) System.

<u>ISIN</u>	<u>TERM</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>FACE AMOUNT</u>	<u>PRICE</u>
-------------	-------------	-----------------------	--------------------------	------------------------	--------------

(Code)

(Account Number)

(Name of Bondholder)

(Signature of Authorized Signatory)

(Designation)

(Test Key)

REGISTRY OF SCRIPLESS SECURITIES

Transaction No. _____

Value Date _____

Acknowledgement

This is to acknowledge receipt of Confirmation of Outright Sale of Government Securities, _____
(Name of GSED/Non-GSED)

Details of which are as follows:

<u>ISIN</u>	<u>TERM</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>FACE AMOUNT</u>	<u>PRICE</u>
-------------	-------------	-----------------------	--------------------------	------------------------	--------------

Date: _____

Very truly yours,

(Signature over printed name)
Division Chief, SSRD, LMS
Bureau of the Treasury

(LETTERHEAD OF THE SELLER)
Color Code – Green

Transaction No. _____
Value Date _____

Director
Liability Management Service
Bureau of the Treasury
2/F Palacio del Gobernador Building
1002 Intramuros, Manila

Attention: **REGISTRY OF SCRIPLESS SECURITIES**

**CONFIRMATION OF OUTRIGHT PURCHASE
OF GOVERNMENT SECURITIES**

The _____, does hereby CONFIRM that it has PURCHASED from _____, all of its rights, titles and interests over the following described Government Securities, held by the Bureau of the Treasury under the Registry of Scripless Securities (RoSS) System.

<u>ISIN</u>	<u>TERM</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>FACE AMOUNT</u>	<u>PRICE</u>
_____	_____	_____	_____	_____	_____
	(Code)		(Account Number)		

				(Name of GSED/Non-GSED)	

				(Signature of Authorized Signatory)	

				(Designation)	

				(Test Key)	



REGISTRY OF SCRIPLESS SECURITIES

Transaction No. _____

Value Date _____

Acknowledgement

This is to acknowledge receipt of Confirmation of Outright Purchase of Government Securities, _____
(Name of GSED/Non-GSED)

Details of which are as follows:

<u>ISIN</u>	<u>TERM</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>FACE AMOUNT</u>	<u>PRICE</u>
-------------	-------------	-----------------------	--------------------------	------------------------	--------------

Date: _____

Very truly yours,

(Signature over printed name)
Division Chief, SSRD, LMS
Bureau of the Treasury

Schedule 8**FORM OF SUMMARY SALES REPORT**

REPUBLIC OF THE PHILIPPINES
●-YEAR MULTICURRENCY RETAIL TREASURY BOND OFFERING
(_____ Coupon) DUE [●]

SUMMARY SALES REPORT
TRANSMISSION NO. _____

DATE	SELLING AGENT	3-YEAR	5-YEAR	7-YEAR	TOTAL

Prepared by:

Certified Correct by:

 Authorized Officer
 (Signature Over Printed Name)

 Authorized Officer
 (Signature Over Printed Name)

Schedule 9

FORM OF SUMMARY SALES REPORT

**REPUBLIC OF THE PHILIPPINES
●-YEAR MULTICURRENCY RETAIL TREASURY BOND OFFERING
(____ Coupon) DUE [●]**

**SUMMARY SALES REPORT
TRANSMISSION NO. _____**

____ TRANCHE

DATE	SELLING AGENT	3-YEAR	5-YEAR	7-YEAR	TOTAL

____ TRANCHE

DATE	SELLING AGENT	3-YEAR	5-YEAR	7-YEAR	TOTAL

SELLING AGENCY FEE COMPUTATION:

SELLING AGENCY FEE DUE TO SELLING AGENT:

NET REMITTANCE TO THE ISSUER:

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)

Schedule 10

FORM OF AUTODEBIT / AUTOCREDIT AUTHORIZATION
(Dealer's Letterhead)

To Charge Dealer's Deposit Accounts with BSP
In Consideration for Multicurrency Retail Treasury Bonds (_____ Coupon) Subscriptions
Due [●]

_____ hereby authorizes the Bureau of the Treasury (BTr) and the Bangko Sentral ng Pilipinas (BSP) to debit its [insert currency/ies] deposit account with the BSP and credit the Treasurer of the Philippines' demand deposit account for the cost of the Bonds purchased in the amount of _____.

On coupon payment and maturity, kindly credit our [insert currency/ies] Registered Account deposit account with the BSP or [insert account details with Settlement Bank].

This Autodebit/Autocredit Authorization takes effect on [insert date] (Issue Date).

Authorized Officer
(Signature over Printed Name)

Schedule 11

FORM OF UNDERTAKING TO REMIT PAYMENT
(Dealer's Letterhead)

Undertaking to Remit Payment
In Consideration for Multicurrency Retail Treasury Bonds (_____ Coupon) Subscriptions
Due [●]

_____ hereby undertakes to cause the remittance via *[identify manner of remittance, e.g., PDDTS or SWIFT or such other payment system acceptable to the BTr]* the amounts equal to *[insert GSED's Name]*'s subscriptions to the Bonds, to be received by the specified demand deposit account/s of the Treasurer of the Philippines maintained with *[the Bangko Sentral]* not later than 11:00 a.m. of the Issue Date.

On coupon payment and maturity, kindly credit our *[insert currency/ies]* Registered Account deposit account with *[insert account details with the BSP or Settlement Bank]*.

The Autodebit Authorization takes effect on *[insert date]* (Issue Date) subject to the condition stated above.

Authorized Officer
(Signature over Printed Name)

Schedule 12

**FORM OF BONDHOLDER LIST
FOR COMPLIANCE WITH RETAIL SALES OBLIGATION**

**REPUBLIC OF THE PHILIPPINES
● -YEAR MULTICURRENCY RETAIL TREASURY BOND OFFERING
(_____ Coupon) DUE [●]
LIST OF BONDHOLDERS
[insert date – 5TH DAY FROM ISSUE DATE]**

Name	RoSS Acct. #	Contact #	Region	Amount			
				(Tranche)	(Tranche)	(Tranche)	Total
A. Excluded from the Definition of Retail Investor							
1. FCDUs							
2. GSEDs							
3. Investment Houses and/or Subsidiary Corporation of Dealers Performing Banking and/or Quasi- banking Functions/Activities							
B. Retail Investors with RoSS Accounts							
1. Individuals							
2. TEIs							
3. Trusts							
C. Investors Under Accredited Third Party Custodian*							
1. Custodian 1 (List of Investors)							
a. Retail Investors							
b. Others							

2. Custodian 2							
(List of Investors)							
a. Retail Investors							
b. Others							
TOTAL (A+B+C)							

*** Certification from Custodians requires to be submitted to BTr-RoSS**

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)

Region XI								
Region XII								
Region XIII								
Autonomous Region in Muslim Mindanao								
<i>C. Denomination</i>								

Prepared by:

Certified Correct by:

Authorized Officer
(Signature Over Printed Name)

Authorized Officer
(Signature Over Printed Name)

SCHEDULE 14

FORM OF PRESIDENTIAL SPECIAL AUTHORITY

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, [insert name], President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and laws of the Philippines, hereby expressly approve and authorize:

Secretary of Finance

Undersecretary of Finance

Undersecretary of Finance

Treasurer of the Philippines

Deputy Treasurer of the Philippines

to negotiate, in accordance with law, for and on behalf of the Republic of the Philippines (as Issuer), with authorized representatives of any International and/or Domestic Underwriters, Managers, Arrangers and Legal Advisors who may be appointed or mandated by the Department of Finance, any offering document or agreement relating to the issuance of the Multicurrency Retail Treasury Bonds with [three (3)- and five (5)-year] maturities in an aggregate principal amount not to exceed the equivalent of [insert amount ()] denominated in [US Dollars and/or Euro] and/or other readily convertible foreign currencies, in one or more transactions, at terms to be determined by market conditions, by negotiation, by auction, in a book-building exercise, or otherwise; Provided, that the Monetary Board's approval in principle is obtained before commencement of actual negotiations in accordance with LOI 158, series of 1974.

Furthermore, I designate and authorize the abovementioned officials to conclude, sign, execute and deliver, for and on behalf of the Republic of the Philippines (as Issuer), any

document or agreement related to such debt securities and all other documents relating thereto and any further deed or document of whatsoever kind and nature which may be necessary or proper for the purpose of executing and implementing the said documents and agreements, and have vested them with full and all manner of power and authority for such purpose.

Secretary _____, or in his absence, Undersecretary _____, Undersecretary _____, Treasurer _____, or Deputy Treasurer _____ are further granted full power and authority to do and perform every act and thing which may be requisite for the accomplishment of the special authority herein granted, as fully to all intents and purposes as I, the President of the Republic of the Philippines, might or could do if acting personally, hereby ratifying and confirming all that they shall lawfully do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Republic of the Philippine to be affixed.

DONE in the City of Manila, Philippines, this __th day of _____ in the year of Our Lord, Two Thousand and ____.

By the President:

Executive Secretary