REPUBLIC OF THE PHILIPPINES
RETAIL TREASURY BONDS TRANCHE 21

RETAIL SALES STRATEGY AND SELLING AGENCY FEE SCHEDULE

The following rules shall apply in determining eligibility for, and the calculation of, Selling Agency Fees due to Selling Agents in respect of their sales of Retail Treasury Bonds ("RTB" or "Bonds"):

A. Determination of Eligibility as Selling Agent

A Dealer who is awarded Bonds in the amount of at least PhP500 Million (or the "Qualifying Volume") in the primary auction shall qualify as Selling Agent.

B. Applicable Rate and Amount of Selling Agency Fees
1. Selling Agents shall be entitled to a Selling Agency Fee computed based on total sales in excess of PhP500 Million and/or on the volume of individual sales, as detailed in the Fee Schedule.

- Retail Sales Obligation (RSO): Each Dealer/Selling Agent shall be required to sell to Retail Investors, **at least 30% of total sales at the end of the offer period**.

- Individual Sales Obligation (ISO): Each Dealer/Selling Agent shall be required to sell to individual investors **at least 10% of total sales at the end of the offer period.** <u>Sales to individuals coursed thru Trust and Private Banking arrangements such as retirement funds, provident funds, cooperatives and Investment Management Accounts (IMA) for individuals or families certified by a Trust Officer may be considered in the computation of the individual sales obligation</u>.

2. The applicable Selling Agency Fees shall be based on the Fee Schedule below:

Fee Criteria	Fee Rate
Base Selling Fee for Total Volume in excess of Qualifying Volume (if both RSO **and** ISO are met)	1.5 basis points
Selling Fee for Retail Sales Volume	5.0 basis points
Selling Fee for Individual Sales Volume	2.5 basis points

3. The Selling Agency Fee shall be deducted from the proceeds of the retail sales due such Selling Agent.

The BTr reserves the right to review and validate the documents submitted by each Selling Agent, for purposes of computing the final Selling Agency Fee that such Selling Agent shall be entitled to receive.

Should there be a difference in the BTR's calculation of the final Selling Agency Fee due to a particular Selling Agent and such Selling Agent's calculated amount reported in its Summary Sales Report (Annex E-2), under Selling Agency Fee, the BTr shall inform such Selling Agent, and both parties shall enter into discussions to resolve the matter under reasonable terms. If the amount of Selling Agency Fee deducted by a Selling Agent is more than

the amount that such Selling Agent is entitled to receive, such Selling Agent shall refund to the BTr the excess selling fee, if any, two (2) days after its discussion with the BTr. If the amount of Selling Agency Fee deducted by a Selling Agent is less than the amount that such Selling Agent is entitled to receive, the BTr shall pay to the Selling Agent the deficit of such Selling Agency Fee, if any, two (2) days after its discussion with such Selling Agent.

C. Sample Computation

Set out below are scenarios detailing how selling fees shall be computed.

SCENARIO A: Both RSO and ISO are met

Given Data		
Total Sales Volume (TS) (PHP)	A	1,000,000,000
Qualifying Volume (QV) (PHP)	B	500,000,000
Excess over QV (PHP)	C	500,000,000
Retail Sales Volume (PHP)	D	500,000,000
Individual Sales Volume (PHP)	E	300,000,000
Retail Sales Obligation (%)	D / A	50%
Individual Sales Obligation (%)	E / A	30%
Base Selling Fee for Total Volume in excess of Qualifying Volume	F	1.5 bps
Selling Fee for RS	G	5.0 bps
Selling Fee for IS	H	2.5 bps

Excess over QV (PHP)	Fees on Excess over QV (bps)	Fees on Excess over QV (PHP)
A - B = C	F	C x F = Fees on Excess over QV
500,000,000	1.5	75,000

Retail Sales Volume (PHP)	Selling Fee for RSV (bps)	Fees on RSV (PHP)
D	G	D x G = Fees on RSV
500,000,000	5.0	250,000

Individual Sales Volume (PHP)	Selling Fee for ISV (bps)	Fees on ISV (PHP)
E	H	E x H = Fees on ISV
300,000,000	2.5	75,000

	Total Fees (PHP)	400,000

SCENARIO B: Either RSO or ISO is not met

Given Data		
Total Sales Volume (TS) (PHP)	A	1,000,000,000
Qualifying Volume (QV) (PHP)	B	500,000,000
Excess over QV (PHP)	C	500,000,000
Retail Sales Volume (PHP)	D	250,000,000
Individual Sales Volume (PHP)	E	200,000,000
Retail Sales Obligation (%)	D / A	25%
Individual Sales Obligation (%)	E / A	20%
Base Selling Fee for Total Volume in excess of Qualifying Volume		Not applicable as RSO **and** ISO are not met
Selling Fee for RSV	F	5.0 bps
Selling Fee for ISV	G	2.5 bps

Excess over QV (PHP)	Fees on Excess over QV (bps)	Fees on Excess over QV (PHP)
A - B = C	*Not applicable*	*Not applicable*
500,000,000	-	-
Retail Sales Volume (PHP)	**Selling Fee for RSV (bps)**	**Fees on RSV (PHP)**
D	*F*	*D x F = Fees on RSV*
250,000,000	5.0	125,000
Individual Sales Volume (PHP)	**Selling Fee for ISV (bps)**	**Fees on ISV (PHP)**
E	*G*	*E x G = Fees on ISV*
200,000,000	2.5	50,000
	Total Fees (PHP)	**175,000**