

82. March 29, 2018

Recommended FX and Currency Derivatives Market Practice on Revisions to Philippine Peso / US Dollar Rate Source Definition

Reference is made to the March 16, 2018 announcement by Bankers Association of the Philippines as administrator and sponsor regarding certain changes, to become effective April 1, 2018, to its Philippine Peso / USD Dollar Spot and Weighted Average Rates which are currently reported by the Philippine Dealing Exchange (PDEX). These changes include the appointment of Bloomberg LLP as Calculation Agent, the replacement of PDEX by Bloomberg LLP as its trading platform and a new nomenclature for such rates that reflects these changes.

We understand that no changes will be made to the methodology underlying the calculation of the rates, the publication times or any commercially significant aspect of the rates.

To reflect these changes, the PDSPESO PHP06 rate source definition included in the Annex A to the 1998 FX and Currency Option Definitions Amended and Restated as of November 19, 2017 (“Annex A”) will be amended, effective April 1, 2018, as set forth on Exhibit 1 hereto. *Minor changes will be made, effective April 1, 2018, to the SFEMC/EMTA Template Terms for PHP/USD Non-Deliverable FX Transactions and the EMTA Template Terms for PHP/USD Non-Deliverable Currency Option Transactions (the “PHP Template Terms”) to reflect this new nomenclature.*

With respect to outstanding non-deliverable FX and currency option and other transactions between counterparties documented using the PHP Template Terms that identify PHP06 as the Settlement Rate Option and incorporating a version of Annex A published prior to April 1, 2018 (“Outstanding Transactions”), EMTA recommends that, unless otherwise agreed by the parties, commencing April 1, 2018, EMTA Members and other market participants deem their Outstanding Transactions to refer to Annex A dated as of April 1, 2018 (i.e., such that the PHP06 rate source definition referred to in their Outstanding Transactions is deemed a reference to the PHP06 rate source definition amended effective April 1, 2018) and deem the reference to “PHP DSPESO” to be understood to be a reference to “PHP BAPPESO”. This recommendation is made in light of the accelerated timing of the changes, and the fact that no changes will be made to the methodology underlying the rate, its publication time or any other commercially significant aspect of the rate(s), and in an effort to avoid the additional administrative time and expense that might result if outstanding contracts are required to be amended,

Notwithstanding the foregoing, EMTA Members and other market counterparties are free to amend contracts that are outstanding prior to April 1, 2018 if they deem advisable and, in this case, the following language may be considered:

Reference is made to [identify the affected outstanding contracts] (the Outstanding Contracts). [The parties agree that,] [N][n]otwithstanding the Date of Annex A specified in the Outstanding Contracts, the Outstanding Contracts shall be amended to refer to Annex A to the 1998 FX and Currency Option Definitions amended as of April 1, 2018 and to “PHP BAPPESO PHP06 as the Settlement Rate Option.

This Market Practice is a recommendation only, intended to promote and enhance market efficiency, and is not binding upon any EMTA Member. Notwithstanding this Market Practice, EMTA Members and other market participants are free to agree on other terms and provisions with their counterparties as they deem appropriate and suitable for their transactions.

Defined terms used herein have the meanings set forth in the 1998 FX and Currency Option Definitions (including Annex A thereto) published by EMTA and ISDA, Inc., as amended or supplemented from time to time.

For more information on this Market Practice, please see EMTA's website (www.emta.org) or contact Leslie Payton Jacobs (lpjacobs@emta.org).

Exhibit 1

Pre-November 19, 2017 PDSPESEO PHP06 Definition (Annex A, 2000 Version, as amended from time to time)

PHP PDSPESEO” or “PHP06” each means that the Spot Rate for a Rate Calculation Date will be the Philippine Peso/U.S. Dollar morning weighted average rate for that Rate Calculation Date, expressed as the amount of Philippine Pesos per one U.S. Dollar, for settlement in one Business Day, reported by the Philippine Dealing System (PDEX), which appears on Thomson Reuters Screen PDSPESEO Page to the right of the caption “AM WT AVE” at approximately 11:30 a.m., Manila time, or as soon thereafter as practicable, on that Rate Calculation Date.

Post-November 19, 2017 PDSPESEO PHP06 Definition (Annex A Amended and Restated as of November 19, 2017)

“PHP PDSPESEO” or “PHP06” each means that the Spot Rate for a Rate Calculation Date will be the Philippine Peso/U.S. Dollar morning weighted average rate for that Rate Calculation Date, expressed as the amount of Philippine Pesos per one U.S. Dollar, for settlement in one Business Day, reported by the Philippine Dealing & Exchange Corp. (PDEX) (www.pds.com.ph) at approximately 11:30 a.m., Manila time, or as soon thereafter as practicable, on that Rate Calculation Date.

Practitioner’s Note(s):

- PHP PDSPESEO is currently published on Thomson Reuters Screen IPHPFIX=PDSP and on Bloomberg Screen FIXI appearing under the heading “Emerging Markets Fixings” on the relevant Rate Calculation Date.

April 1, 2018 PHP BAPPESO PHP06 Definition (Annex A Amended as of April 1, 2018)

“PHP BAPPESO or “PHP06” each means that the Spot Rate for a Rate Calculation Date will be the Philippine Peso/U.S. Dollar morning weighted average rate for that Rate Calculation Date, expressed as the amount of Philippine Pesos per one U.S. Dollar, for settlement in one Business Day, sponsored by Bankers Association of the Philippines (www.bap.org.ph) as its “BAP AM Weighted Average Rate” at approximately 11:30 a.m., Manila time, or as soon thereafter as practicable, on that Rate Calculation Date.

Practitioner’s Note(s):

- In April 2018, Bankers Association of the Philippines, as administrator and sponsor, changed the trading platform and calculation agent and updated the publication sites and nomenclature for the PHP PDSPESEO rate. No change to methodology or publication time was made. Accordingly, while the rate now appears as the “PHP BAPPESO” (PHP06) rate source in Annex A, it is intended to be understood to be the same rate for commercial purposes.
- PHP BAPPESO PHP06 is currently published on Bloomberg Screen FIXI appearing under the heading “Emerging Markets Fixings” and on Bloomberg Screen OTC PH on the relevant Rate Calculation Date.