



10-29-12

REPUBLIC OF THE PHILIPPINES  
KAGAWARAN NG PANANALAPI  
**KAWANIHAN NG INGATAN-YAMAN**  
(BUREAU OF THE TREASURY)  
INTRAMUROS, MANILA 1002

***Funding the Republic***

MEMORANDUM

TO : All Government Securities Eligible Dealers (GSEDs) and Members of the Philippine Dealing & Exchange Corp. (PDEX)

DATE : 29 October 2012

SUBJECT : Quoting and Settlement Conventions for Fixed Rate Treasury Bonds (Bonds) of the Republic of the Philippines

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In view of the BTR's initiatives to effectively implement its Issuance Program that is focused on (1) broadening the investor base of government securities; (2) deepening its secondary market; (3) providing a benchmark that is truly reflective of the real yield of a government security; (4) levelling the playing field across all sectors of the GS market by allowing trading across tax categories, and (5) preparing the GS market for regional integration, the following tax neutral Global Bond Formula shall be observed as the convention for all Fixed Rate Treasury Bonds (Bonds) for the purpose of both quoting and settling transactions in Treasury Bonds :

$$\text{Clean Price} = \left[ \frac{MV}{\left(1 + \frac{YTM}{Cpn\ freq}\right)^{N-1 + \frac{DSC}{E}}} \right] + \left[ \sum_{k=1}^N \frac{CPNAMT}{\left(1 + \frac{YTM}{Cpn\ Freq}\right)^{k-1 + \frac{DSC}{E}}} \right] - \left[ \frac{MV * CPN \% * A}{360} \right]$$

Where:

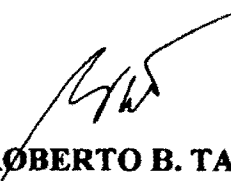
<i>MV</i>	=	<i>Maturity Value</i>
<i>N</i>	=	<i>Number of Coupon Periods remaining between settlement and maturity date. If it has a fractional part, (i.e. settlement not on a coupon date) it is rounded to next higher whole number.</i>
<i>CPNAMT</i>	=	<i>Coupon Amount</i>
<i>CPN</i>	=	<i>Coupon Rate</i>
<i>A</i>	=	<i>Accrued no. of Days</i>
<i>YTM</i>	=	<i>Yield to Maturity</i>
<i>DSC</i>	=	<i>No. of Days from Settlement Date to next Coupon Date</i>
<i>E</i>	=	<i>No. of Days in Coupon Period in Phil. 30/360 convention. E is 360 for annual coupon, 180 for semi-annual coupon and 90 for quarterly coupon bonds</i>
<i>K</i>	=	<i>Coupon Period</i>
<i>Cpn Freq</i>	=	<i>Coupon Frequency</i>

The Settlement Amount for a transaction in the Bonds shall be computed as the Clean Price plus the Accrued Interest less the applicable final withholding tax.

This Memorandum shall take effect upon announcement thereof by the Bureau of the Treasury.

All circulars, orders and/or memoranda inconsistent herewith are hereby repealed, modified and amended accordingly.

Please be guided accordingly.



**ROBERTO B. TAN**  
Treasurer of the Philippines

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