

**Capital Market Development Plan (Blueprint) 2013-2017
PROGRESS REPORT
(As of 31 December 2014)**

Strategic Objectives	Initiatives (Programs, Projects, Activities)	Target Date of Completion	Performance Indicators	Implementation Issues	Status as of 31 December 2014	Responsible Lead Agency
FIXED INCOME						
a) Enhancing Bond Market Liquidity	<p>(1) Market Liquidity</p> <ul style="list-style-type: none"> (a) Tax Unification <ul style="list-style-type: none"> a.1 Issuance of Department Circular a.2 Certification of the Tax Tracking System - DONE FOR BOTH PESO & USD GS a.3 Roll-out of the Tax Unification Project (b) Market Maker Programs <ul style="list-style-type: none"> b.1 Review of the Market Maker Program b.2 Issuance of Department Circular which will qualify all GSEDs with a probationary period and assessment thereafter, prescribe rules and grant rights for the Market Makers. (c) Fails Mitigation <ul style="list-style-type: none"> c.1 Review of the Use of Securities Stabilization Fund to address settlement fails and/or Identify an existing Fund that can address settlement fails 	<p>3Q, 2013</p> <p>b.1 Target Date for the Review: 4Q 2013</p> <p>b.2 90-120 days after the completion of the review</p> <p>c. 1 Target date for review : 3Q 2013</p>	<p>A tax exempt entity should be able to buy from/sell to a taxable entity without restrictions and vice versa</p> <p>Accreditation of Market Makers</p>	<p>.</p>	<p>Status of Tax Unification:</p> <p><i>1. Ongoing market wide preparation for Non-Restricted trading and settlement of government securities under DOF D.O. No. 68-2014, implemented by BTr Treasury Circular No. 04-2014. Non-restricted trading of GS to be launched in 2015</i></p> <p>and</p> <p>2. SEC Confirmation that no need to amend prospectus to launch Non-Restricted trading issued - Unification for corporate securities is ready but launch is dependent on Bond Price Convention</p> <p>Status of Bond Price Convention (pre-requisite for Unification): <i>Ongoing market discussios</i></p> <p>1. Implementation Working Group re-convened to continue market discussions on the implementation;</p> <p>2. Regulatory review of the price convention and dialogue with regulators; and</p> <p>3. Submission of rule proposal on enhanced disclosures for investors (but not a pre-requisite to the Bond Price Convention).</p>	<p>BTr/BIR/PDS Group</p> <p>BTr</p>

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	c.2 Use of Securities Stabilization Fund or such existing eligible fund to address settlement fails	c.2 90-120 days after the completion of a favorable review			Status of Market Maker: Draft program under review: 1. Defining Roles of Market Participants (e.g. Dealers/ Market Makers); and 2. Process Agreements with regulators	
	(2) Cash Liquidity (a) Repurchase Agreement Markets a.1 Inter-Prof Repo Market: Issuance of clarificatory ruling on the repo with a transfer title regarding the DST a.2 BTr Market Maker Repo: Participation of the BTr Funds in the Repo Market as part of the incentives for the Market Makers a.3 Clarification on the reserve requirement for real Repo, not for the purpose of relending, to be 0%	4Q 2013 Associated with the Market Maker Program 2Q 2013	Significant increase in activity in the organized inter-professional repo market		Status of clarification of Repo tax environment: Letters from PDS and BTr to BIR; Meeting between PDS Group and BIR held - PDS Group awaiting release of clarificatory ruling from BIR	BTr/BIR/BSP

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	(3) Securities Financing (a) Securities Lending a.1 SEC Certification of approval per BIR requirement a.2 Issuance of BIR Circular on approval process of SLT a.3 BTr Market Maker SLT: Participation of the BTr Funds in the SLT Market as part of the incentives for the Market Makers	January 2013 2Q 2013 Associated with the Market Maker	Activity within an organized securities lending market			SEC/BIR SEC/BIR/BTr
	(4) Issue Liquidity (a) Continuous Switch and Swap a.1 Complete review of the framework and mechanism to implement the switch and swap a.2 Issuance of a Treasury Circular a.3 Roll out of facility of continuous switch and swap	3Q 2013 90-120 days after the completion of the frame-work design Note: * Bond Swap not dependent on Bond Formula	Use of the Continuous Switch Facility for Market Makers		Framework design of continuous switch and bond swaps under discussion	BTr/PDS Group

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	(b) Securities Stripping b.1 Preparation for the framework for Issuance of strips	6 months after implementation of liquidity programs	Introduction of GS STRIPS as arranged by Market Maker/s for BTr		Ongoing discussions on the fiscal environment for the STRIPS	BTr/PDS Group
b) Developing Private Debt Issue Markets	(1) Streamlining of registration process through shelf registration (a) Issuance of the Implementing Rules and Regulations	S2 2013	Availability of the shelf registration to issuers		1. Diversifying corporate bonds in the organized market (a) Mortgage-backed Securities (Bahay Bonds) (b) Listing of Covered Bonds (c) Listing of the first 20 year corporate bond; (d) Listing Program in place for Short Term Commercial Papers (STCPs); and 2. Submitted rules on acceptances	SEC
	(2) Trading of Qualified Notes in an Organized Market to provide price discovery and transparency (a) Clarification on definition on the count of 19 lenders	S2 2013	Trading of Qualified Notes on an Organized Market			SEC
	(3) Securitized Market	S2 2013				

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	(4) Issuance of Regulations for the Exchange Traded Funds (a) Approval of the ETF Rules	DONE. SEC issued ETF Rules	Listing of Exchange Traded Funds		1. SEC issued the Rules on the ETF 2. Submitted rules of the organized market of fixed income ETFs to the SEC	SEC
	(5) Perpetual Bonds and Regulatory Framework	After core regulatory framework is well-defined				SEC/BSP/BTr (for GS)
c) Strengthening Governance and Enhance Regulatory Framework	(1) Implementation of the 3-step segregation (a) Securities business from the banking business (b) Dealing activities from brokering activities (c) Broker assets from customer assets (d) Clarification on the Single Borrower's Limit for Market Makers (e) Active/Passive Taxation	2Q 2013	Ability of banks to distinctly recognize its role as a securities intermediary, either as a securities dealer and/or broker		1. Discussion paper on the segregation framework submitted 2. Ongoing Inter-agency discussions on the proposed regulatory environment 3. Commenced use of automated market Surveillance system 4. Implementation of the SEC-PDS Data Transfer for market surveillance	SEC/BSP/BIR

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	(2) Clarification of the tax environment of fixed income securities (a) Government Securities (b) Corporate Securities (c) Bank Issues (d) Issuance of a regulation to cover the tax environment of fixed income securities	2Q 2013			1. Issuance of the BIR on regulations covering interest income ; 2. (c). For Bank Issues: BSP stated that for pre-termination of bank issues, BIR regulations shall apply; To implement BSP Circular No. 824 and 834 requiring LTNCTDs to be listed on an organized exchange, PDS Group enhanced its Corporate Action Auto-Claim System (CAAC) to track holding periods and remaining maturity of bank issues for purposes of computing final withholding tax on previously earned interest when an investor pre-terminates. The PDEX Guidelines on the Trading and Settlement Environment for Long-Term Bank-Issued Instruments were approved by the SEC on 23 October 2014. Implementation will proceed upon receipt of BIR accreditation for the CAAC enhancement for bank issues. 2. (c). For Bank Issues: SEC approved the reopening of the organized market for LTNCDs pending receipt of BIR accreditation for the Corporate Action Auto-Claim (CAAC) enhancement for bank issues; launch of enhanced CAAC (tax tracking system) for LTNCDs	BIR/Market

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	(3) Clarification on the functions of nominee ship, trusteeship custodianship and agency functions (a) Issuance of a regulation to create the framework of distinction	Item needing clarification on regulatory framework				SEC/BSP
	(4) Review and assess existing laws and regulations governing trust indentures	Item needing clarification on regulatory framework				SEC/BSP/PDS Group
	(5) Strengthening the role of independent directors and compliance officers (a) Formulation of an examination for Associated Persons similar to that of equities	3Q 2013				SEC/BSP
d) Strengthening Clearing and Risk Management of Securities Currencies	(1) Use of Margins	Discussions on the framework to commence in 2012 and continue in 2013 3Q 2013 for regulatory forum	Equal access for all trade in an organized market under a multi-lateral framework	Dependent on the launch of the Market Maker Program and Liquidity Enhancement Program to ensure liquidity in the multi-lateral market	FMI Framework under review	SEC/BTR/PDS Group

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	(2) Netting (a) Issuance of the appropriate regulation for the clear legal framework (b) Assessment of the operational adjustments, if any, to operate on a netting environment	Discussions on the framework to commence in 2012 and continue in 2013 3Q 2103 for the regulatory forum Discussions on the framework to commence in 2012 and continue in 2013 3Q 2103 for the regulatory forum	Higher trading activity is anticipated as funding liquidity constraint is alleviated and settlement risk is reduced with netting of positions			SEC/BSP/BTr/PDS Group
	(3) Central Clearing (a) Issuance of appropriate regulation/governing OTC derivatives following the Dodd-Frank Act and guidelines for operations of Central Counterparty	Discussions on the framework to commence in 2012 and continue in 2013 3Q, 2012 for regulatory forum with SEC and BSP				SEC/BSP/BTr/PDS Group
	(b) Operationalization	After the harmonized regulation has been put in place				SEC/BSP/BTr/PDS Group

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e) Continuing Education of the Stakeholders	(1) Continuing market-based educational programs for market development	Continuing				SEC/BSP/BTr/PDS Group/PLIA/Pre-Need (for the IC)
f) Institutionalizing Hedge Protection Markets	(1) Issuance of a policy framework	3Q 2013 for regulatory forum			1. T+N framework and proposed rules under discussion 2. Initiation of market discussions on the OIS market structure and governance requirements	SEC/BSP/BTr
	(2) Interest Rate Swaps (a) Issuance of appropriate and harmonized regulation (b) Operationalization	To commence 2nd Quarter 2012 on Framework 3Q 2013 for regulatory forum After the harmonized regulation has been put in place	Formation and Operation of Registered OIS/IRS OTC Market			PDS Group/Market
	(2) Non-Deliverable Forwards (a) Issuance of appropriate and harmonized regulation (b) Operationalization	To commence 3rd Quarter 2012 on Framework 3Q 2013 for regulatory forum After the harmonized regulation has been put in place	Formation and Operation of Registered NDF OTC Market			SEC/BSP/BTr PDS Group/Market

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	(3) Forward Rate Agreements (a) Issuance of appropriate and harmonized regulation (b) Operationalization	To commence 3rd Quarter 2012 on Framework 3Q 2013 for regulatory forum After the harmonized regulation has been put in place	Operation of a Registered FRA Market			SEC/BSP/BTr PDS Group/Market
g) Expanding Domestic Market to the Region	(1) Regulatory Harmonization (a) Continued participation in the Asia Bond Market Forum and other regional initiatives (2) Institutionalization of market Access	Has started and continuing			1. Active participation in the ASEAN+3 Bond Market Forum with the deliverable of the Bond Market Guide and the AMBIF parameters. 2. Membership in the Cross-Border Settlement Infrastructure Forum with ongoing discussions on the appropriate regional settlement intermediary, inter-linked on the cash and securities 3. Chairmanship of the SRO Working Group with ongoing discussions on different models of trading and settlement for an organized regional OTC market- <i>Continuing participation in the ABMF, SRO Working Group and CSIF which was held last January 2014.</i>	SEC/BSP/BTr/B AP PDS Group

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	(3) Tax Treaty Implementation (a) Issuance of Regulation for Tax Treaty Implementation	Commencing 3Q 2013				BIR/BTr
	(4) Institutionalization of Market Access					
EQUITIES						
a) Enhance Exchange Competitiveness	(1) Expand range of traded products (a) Issue rules and regulations on Exchange-traded funds (ETF's).	2012			Completed - Issued PSE Rules for ETFs in June 2013	SEC
	(b) Issue PSE Rules for ETFs	Q1 2013			Listed first ETF on 02 December 2013	PSE, SEC
	(c) Define regulatory framework governing futures	Q4 2013	Issuance of rules and regulations for futures		SEC and PSE held preliminary discussions	SEC
	(d) Provide an enabling environment for listing of REITs ²	2013	Issuance of updated listing rules consistent with the amendments to the law, if any.			PSE, SEC
	(e) Provide a regulatory framework fro equity-linked derivatives	Q1 2013	Issuance of rules and regulations to include listing and trading rules for equity-linked derivatives.			SEC, PSE
	(2) Rationalize non-tax friction costs relating to equity securities transactions in the primary and secondary market. (a) Conduct study on non-tax friction costs (underwriting, registration, listing, clearing, depository, transfer agent fees and brokers' commission).	Q1 2014	Increase in initial public offerings and the average daily traded value. Release of a study on non-tax friction costs by 1st quarter of 2014.			SEC, PSE, SCCP, PDTC Resource Constraints

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	(3) Allow Direct Market Access (a) Issue Direct Market Access Rules	Q3 2013	Wider retail investor participation in stock market Issuance of Direct Market Access Rules by 3rd quarter of 2013		Completed - SEC approved PSE Direct Market Access Rules released on October 29, 2013 Completed - PSE launched PSETradex in April 2013	PSE, SEC PSE
	(4) Provide an Online Service Bureau (OSB) for Trading Participants.	2013	Launching of PSETradex by April 2013		BA Securities (October 7, 2013) and Coherco Securities (October 22, 2013) launched respective online trading platforms using PSETradex	
	(5) Establish market-wide Disaster Recovery Program and BCP Guidelines to include periodic review and testing.	Q4 2013	Market-wide Disaster Recovery and Business Continuity Program agreed and communicated to market participants.		The Memorandum of Agreement dated May 20, 2013 entered into between PSE, SGX and BAP to undertake preparatory steps relating to the proposed acquisition by PSE of the shareholdings of SGX and BAP in PDS, expired on November 30, 2013. PSE completed the transfer of its disaster recovery site into a more secure and reliable facility in 2013. The new DR site complies with the industry standard and best practice in datacenter. It also has a Tier 3 certification. Power supply inside the facility is fully fault-tolerant and everything is dual powered. <i>Partially completed - As a preliminary step, PSE conducted DR test in August 2014 and will conduct another one involving brokers on Feb. 21, 2015.</i>	PSE, SCCP, PDTC

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	(6) Promote the integration of the equities and fixed income markets.	2014-2015	Merger of PSE and PDEX		<i>PSE and BAP are in discussions regarding the proposed acquisition by PSE of the shareholdings of BAP in PDS.</i>	PSE, PDEX and SEC
b) Increase liquidity in the stock market	<p>(1) Implement the Minimum Public Ownership Requirement</p> <p>(a) Require listed companies to maintain a minimum public float of at least 10% as a condition for continuous listing.</p> <p>(b) Put up a system for real-time monitoring of public float.</p> <p>(c) Review the current MPO level every 2 years</p> <p>(2) Encourage BOI-registered companies to list in the stock exchange and conduct a public offering.</p> <p>(3) Introduce Market Making program and issue rules/guidelines for Market Making.</p> <p>(4) Revisit and refine regulations on Securities Borrowing and Lending. Explore different SBL models, including multilateral lending.</p>	<p>Ongoing</p> <p>2014</p> <p>Q4 2014</p> <p>2012-2016</p> <p>2013</p> <p>2014</p>	<p>Promote liquidity and improve governance</p> <p>Establishment of a system for real-time monitoring of public float.</p> <p>Amend existing MPO level, as necessary</p> <p>Conduct of public offering by BOI-registered companies</p> <p>Further reduction of settlement fails and increase in reported SBL transactions</p>		<p>Completed - Listed companies fully compliant as of June 2013.</p> <p>Also increased the requirement for PSEi component companies to 12%. Promoted liquidity and improved governance.</p> <p>PSE is in continuing discussions with BOI regarding the listing of BOI-registered companies.</p> <p>Partially completed – Issued Market Making Rules for ETFs in June 2013.</p> <p>PSE submitted Rules on Standby SBL to the SEC.</p>	<p>SEC, PSE</p> <p>PSE</p> <p>SEC, PSE</p> <p>PSE, BOI</p> <p>SEC, PSE</p> <p>SEC, PSE</p>

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	(5) Study the viability of Algorithmic Trading or High Frequency Trading.	2013	Release of a study on the feasibility of High Frequency Trading/Algorithmic Trading			PSE, SEC
c) Strengthen the clearing and settlement system	<p>(1) Explore requirement of margin collateral to cover risk of clearing members' unsettled positions.</p> <p>(2) Expand clearing and settlement arrangements with market participants.</p> <p>(a) Accreditation of non-broker participants such as custodians as clearing members of SCCP</p>	<p>Q4 2013</p> <p>2014</p>	<p>Reduction of settlement risk</p> <p>Lower settlement risk (real DvP; proper assignment of counterparty risk) as clearing and settlement activities will be performed by the holders of the shares and cash directly in the case of Give-up/Take-up facility. In the case of third party clearing arrangements where banks such as Custodian Banks, who are more capitalized and experienced in trade settlement, will perform the clearing and settlement functions for brokers, to increase market efficiency and reduce settlement risks</p> <p>Increase in market efficiency</p>		<p>SCCP submitted the proposed rules for margin collateral to SEC.</p> <p><i>Proposed rule on margin collateral is pending with the SEC.</i></p>	<p>SCCP, SEC</p> <p>SCCP, SEC, PASBDI, Custodian Banks</p>

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d) Intensify support for regional integration	(1) Pursue the ASEAN Collaboration.					
	(a) Participate in the creation of ASEAN asset class	2013	Increase in trade volume		The ASEAN Exchanges launched three new tradable ASEAN indices are the FTSE ASEAN All-Share Index, FTSE ASEAN Stars Index and FTSE ASEAN All Share Ex-Developed Index on May 29, 2014.	DOF, SEC, PSE, PDTC
	(b) ASEAN system linkages for trading, clearing and settlement, and depository	2015	Increase in trade volume			SEC, PSE, SCCP, PDTC
	(2) Create an enabling environment for regional integration.					
	(a) Enter into Mutual Recognition Agreements with securities regulators in the ASEAN.	Q4 2014	Execution of Mutual Recognition Agreements with ASEAN securities commissions		<i>Ongoing - PSE actively participates in initiatives promoting ASEAN as an asset class, such as Invest ASEAN roadshows and the development of a new FTSE ASEAN Index series</i>	SEC
	(b) Work towards harmonization of the tax regime and related regulations.	2016	Execution and implementation of a regional tax treaty			SEC, BIR, PSE
(c) Streamline regulations and process for availing benefits under tax treaties, tax exemption and tax sparing provisions.	2013	Implementation of streamlined procedures and retention of regional competitiveness		BIR, PSE, Custodian Banks		

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e) Enhance corporate governance of listed companies	(1) Review coverage of corporate governance and revitalize provisions in the Revised Code of Corporate Governance.				<i>PSE conducted the third PSE Bell Awards on November 10, 2014.</i>	
	(a) Harmonize corporate governance requirements of different regulators	2013				SEC, PSE, CMIC
	(b) Harmonize corporate governance requirements with those of other jurisdictions	2013				SEC, PSE, CMIC
	(2) Launch a governance board for companies complying with the highest standards of governance.		Increase in trading for companies to be listed in the governance board.			
	(a) Issue Governance Board Listing Rules.	2013	Issuance of Listing Rules for the governance board.			PSE, SEC
(b) Actively promote the governance board to issuers and investors in order to expand listings.	2013-2016	Listing of companies in the governance board.		PSE		

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f) Increase investor protection	(1) Issue guidelines on the use of facility capable of recording holdings/ownership at the investor level for retail domestic investors.	2013	Increase in utilization of the facility by retail investors Early detection of unauthorized use of investors' securities Increase in transparency			SEC
	(2) Issue guidelines on issuance, recording, and handling of scripless securities by transfer agents or the depository.	2013	Issuance of guidelines on handling of scripless securities by 2013.			SEC
	(3) Educate stockholders and other interested stakeholders on the benefits of scripless securities.	2012-2016	Reduction of physical securities for domestic investors.			SEC, PSE, PDTC, Issuers, PASBDI
	(4) Review the regulations on stock transfer agents.	2013				SEC
	(5) Standardize documentary requirements for registration of shares and conversion thereof from certificated to scripless and vice versa	2013				SEC

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	<p>(6) Allow one-time registration/ application per non-resident investor for the determination of applicable tax rates under relevant tax treaties, tax sparing, or tax exemption provisions, regardless of the number of dividend payments across issuers, unless there is a change in taxpayer status/ citizenship/residence and/or lower than the general tax treaty rates are being invoked.</p> <p>(a) Draft relevant regulations and guidelines.</p> <p>(b) Implement an online system for the post-reporting of cash dividends of non-resident investors.</p> <p>(7) Implement a more advanced surveillance and monitoring system designed to adapt to the Philippine capital market.</p>	<p>2013</p> <p>2014</p> <p>2013</p>	<p>Issuance of a BIR regulation on one-time NTIN registration and post-reporting of transactions</p> <p>Availability of an online reporting system</p> <p>Swifter investigation and resolution of suspected violations and decrease in trading-related irregularities</p>		<p><i>Completed</i></p>	<p>DOF, BIR, PSE, Custodian Banks</p> <p>PSE, Custodian Banks, PDTC</p> <p>CMIC, SEC</p>
f) Enhance regulatory capacity	(1) Participate in periodic trainings, workshops, and conferences to ensure that they are attuned to the latest product offerings and international best practices in the capital market.	2012-2016	Adoption of best practices and introduction of new products		<i>Ongoing</i>	SEC, BIR, DOF, CMIC, PSE

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<p>g) Introduce reforms to improve underwriting and distribution of equities.</p>	<p>(1) Review present underwriting practice where foreign underwriters get significantly larger share of IPOs and domestic underwriters become responsible for the 20% allocation to Trading Participants and 10% allocation to Local Small investors whether the issuer</p> <p>(a) Advise the issuer may be mandated to divide the obligation to give 20% allocation to Trading Participants and 10% allocation to Local Small Investors between international and domestic underwriters on a pro rata basis depending on the IPO allocations received</p>	<p>2013</p>	<p>Release of a report on the most viable distribution scheme and if necessary, amendment of rules governing allocation of IPO shares</p>			<p>PSE, SEC, IHAP</p>

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ALTERNATIVE PRODUCTS						
<p>(a) Derivatives & Structured Products: To generate a more vibrant capital market through the introduction of derivative & other structured products which enhances investor's returns and minimizes risk (depending on the type of structured product)</p>	<p>BAP has proposed that the existing rules and regulations on derivatives and structured products be harmonized.</p>	<p align="center">2013</p>	<p>Ongoing discussions between BAP and SEC to harmonize the IRR and existing BSP Circular 594 regarding the provisions governing derivatives. BAP has recently submitted a matrix on structured and derivative products to the SEC for comments. MART has likewise submitted its proposed amendments to BSP Circular 594</p>	<p>Key issues include (a) definition of derivative products (SRC-IRR only covers equity derivatives such as options and warrants whereas BSP Circular 594 covers a wider range of products including swaps, forwards, options, credit default swaps, credit-linked notes and other structured products); (b) definition of end-user participants (sophisticated vs. general public) and (c) institutions allowed to engage in financial derivatives business (per BSP Circular 594, only universal and commercial banks, including their trust departments, can act as dealer or end-user in derivative transactions).</p> <p><u>Recommendation:</u> Equipped with a strong and competitive policy framework, harmonize existing rules and regulations towards the promotion of derivatives and structured products in the market.</p>		<p>BAP, MART, TOAP, NASBI, BSP, SEC</p>

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<p>(b) Collective Investment Schemes Products: To create a level playing field and provide greater protection to the investing public.</p>				<p><u>Recommendation:</u> IHAP seeks to harmonize the existing laws on various types of collective investment schemes (CIS) in order to provide greater investment opportunities for middle to low-income investors. Having a comprehensive regulatory framework for investment companies (i.e. mutual funds and hedge funds) and unit investment trust funds (UITFs) removes regulatory differences and tax arbitrage among the different forms of CIS which essentially offers the same products to the public.</p>	<p>TWG meeting with various stakeholders held on August 4, 2014</p> <p>Deliberations on the bill is on-going.</p>	<p>BAP, MART, TOAP, NASBI, BSP, SEC</p>

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<p>(c) PERA Products: To encourage retirement savings and long-term investments through tax-exempt investment products.</p>	<p>BIR recently released the IRR implementing the tax provisions of the PERA Act of 2008. Under the law individuals are allowed to set up their own PERA accounts (up to 100k or up to 200k for OFWs) which shall enjoy certain tax incentives such as exemption from the 20% final withholding tax on interest income, capital gains tax and the 10% tax on dividends.</p>	<p align="center">2013</p>	<p>TOAP is continuing discussions with BIR, SEC and BSP on the relevant tax provisions and important operational details covering the following PERA products: (a) UITFs (b) Shares in Mutual Funds (c) Annuities (d) Insurance Pension (e) Pre-need Pension Plan (f) Other securities listed and traded in the stock exchange (g) Exchange Traded Bonds (h) Gov't Securities and (i) Any other category of investment product or outlet which the Regulators will allow for PERA purposes</p>	<p>Some of the issues include the setting up of a database to monitor the transactions of the PERA accounts and the accreditation process for sales agents and other personnel involved in selling PERA products to the general public.</p> <p>[Recommendation: TOAP to finalize PERA Primer for comments of IHAP and other CMDC members as well as monitor developments with the relevant regulatory agencies. The general plan is to initiate soft launches for the National Capital Region and possibly, one provincial site by the second semester 2011].</p>	<p>PERA implementation: Signed into law on August 22, 2008; IRR issued by BSP October 21, 2009; RR issued by BIR October 27, 2011; On schedule for 2014 first quarter formal launch; Operational infrastructure/database housed at BSP; BSP in discussion with ADB on extent of funding commitment; Accreditation policies and guidelines have been circulated among regulatory agencies for comments and expected to be finalized within the next few months; There were no takers for Administrator accreditation exam last July 2013, but 55 takers in March, with passing rate of only 15%. Next one in will be Oct. 2013; Eight (8) Administrators have been accredited so far; MOA draft is being reviewed by BIR (information sharing on TIN library) and BTR (RoSS) Principal Securities account for Administrators' security deposit for faithful performance of duties due for finalization soon; MOA between regional agencies (role, authority and accountability of each regulatory body) for drafting.</p>	<p>BAP, TOAP, BSP, OIC, SEC, BIR</p>

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					<p>Continuation on PERA related accomplishments: PERA-related funds and budget are to be treated as BSP-managed fund, with expenses capped at revenue level, while BSP budget may serve as contingent. BSP's Supervision and Examination Sector (SES) is budget administrator. Internally, the BSP is working on the IT and accounting systems. Still awaiting issuance of Revenue Memorandum Order from the BIR, and the industry seeking clarifications on various tax issues; The RMO covers the entire process.</p> <p>Mr. Sicat relayed feedback received on the need for a more effective communication/information plan on PERA, especially for notice on accreditation exam. TOAP and BAP are willing to help by organizing review classes, but unclear on actual schedule.</p>	

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					<p>Continuation on PERA related accomplishments: Asst. Gov. Ravalo clarified that the market has been informed as far back as Nov. 2012, and the market participants themselves requested for postponement of the exam including at the regional level. They also knew about the subsequent schedules as they had been asked for logistical preparations. The non-taker in July may have been mainly due to the low passing rate in the March exam. The accreditation exam covers 50 questions with 10 questions each for (1)the PERA law; (2)Rev. Reg.; (3)trust banking; (4)Securities Regulation Code and (5)Insurance Code. The Financial Stability Forum decided that the passing rate be 75%, with mandatory 7 correct answers per section.</p>	

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<p>(d) REITS: To allow small investors to participate in the real estate industry via a listed investment vehicle which holds income producing real estate or real estate-related assets.</p>	<p>Review and amendment of the current IRR is being urged by industry players following issuance of REIT revenue regulations by BIR in July 2011.</p>	<p>2013</p>	<p>The Technical Working Group (TWG) is working on drafting the proposed changes to the IRR and the REIT Law</p>	<p>Key issues are the minimum public float requirement upon listing (33%), imposition of value added tax (VAT) on initial asset transfers and tax arbitrage.</p> <p>[Recommendation: IHAP will propose amendments to the SEC IRR and REIT Law to allow the country to be competitive with other REITS in the region (see attached ASIAN Reit Legislation Overview)].</p>	<p>Lapsed into law on December 17, 2009; IRR Amendments issued by SEC on April 27, 2011; RR issued by BIR on July 25, 2011</p> <p>A group in FINEX has undertaken a study of the removal of tax arbitrage and has drafted proposed amendments to the subject law</p>	<p>BIR, SEC</p>

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<p>(e) Exchange Traded Funds (ETFs): To generate a more vibrant capital market through the introduction of alternative investment products which promotes work, savings and investment.</p>	<p>Draft rules and regulations on exchange traded funds (ETFs) have been sent out for comments.</p>	<p align="center">2013</p>	<p>Committee to tackle the issues between the PSE and SEC regarding the listing and implementation of ETFs</p>	<p>One issue is the lack of a governing law for the establishment of ETFs. There are also tax and other structural issues that have to be addressed such as whether ETFs should be registered as ordinary corporations or investment companies similar to mutual funds.</p>	<p align="center">SEC issued the Rules on ETFs on</p>	<p>SEC, BIR, PSE</p>
<p>(f) Securitization: To promote the development of the capital market by providing the legal and regulatory framework for securitization and creating a favorable market environment for a range of asset-backed securities.</p>	<p>The TWG of the CMDC is reviewing the IRR of the Securitization Act of 2004 with the help of FINEX and IHAP.</p>	<p align="center">2013</p>	<p>The Securitization Committee is gathering inputs from the different CMDC members to amend the current legislation governing securitization. This is still a work in progress given that the lead committee is dependent on other entities before it can come out with the proper recommendations</p>	<p>Some gaps exist in the current IRR relating to SMIs. While the Securitization Law gave SMIs the discretion as to the type of mortgage securities it can issue to the public, this discretion was somehow deleted in the IRR. Other issues relate to ensuring a level playing field between banks and non-banks insofar as taxes on securitization and related issues are concerned.</p>		

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TAXES						
<p>a) Promote neutrality in taxation in the capital market</p>	<p>(1) Facilitate the filing of Fintax Bill</p>	<p>2012-2013</p>	<p>a) Submission of comments on the draft Fintax bill (ver. July 2010) done by December 2, 2011</p> <p>(b) Consolidation of the submitted comments, deliberation and amendment of draft bill done by 15 March 2012</p> <p>(c) Presentation of proposal to DOF and other concerned parties done by 30 April 2012</p> <p>(d) Impact study within six (6) months from the approval of the Blueprint and receipt of clearance from the DOF</p> <p>(e) Redrafting of the Fin Tax Bill and exposure thereof done within two (2) months from the completion of the impact study;</p>	<p>Upon completion and submission of the impact study, a re-evaluation and further revision of the provisions of the Fintax bill might be needed. This would delay the process and may result to adjustment of the targets.</p> <p>The timely completion of the study largely depends on the active participation and contribution of SROs and industry groups of needed data.</p>	<p>DOF requested in December 2013 the data needed for the impact analysis.</p> <p>(1) As a subsequent event in January 2014, the TWG Taxes thru CMDC Secretariat has requested the BSP to provide the said data.</p> <p>(2) The Fintax Bill has been filed with Congress (as sponsored by Congressman Sato of Mindoro-H.B. No. 4142).</p> <p><i>(3) Copy furnished the Financial Sector Forum Members document on the ASEAN Capital Market Integration, for comments.</i></p>	<p>DOF, SEC</p>

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	(2) Facilitate the enactment of Fintax bill into law	2013-2016	<p>(f) Submission and consolidation of comments, deliberation and finalization of revised draft bill done within three (3) months from the date of exposure of the draft</p> <p>(g) Submission for sponsorship within two (2) months from the finalization of the bill</p> <p>(a) Creation of a committee that will actively conduct follow-up actions during the pendency of the bill in Congress within one (1) month from submission of the bill to Congress</p> <p>(b) Preparation and dissemination of the Committee's Progress Report (status of the bill, actions done and activities need to be undertaken) - done every end of the quarter</p>		<p><i>(4) Todate, four policy recommendations were adopted in the Fintax Bill of 2010 or H.B 4142 [i.e., removal of net REPOs tarding gains from GRT, subject to corporate income tax; Removal of reverse repurchase agreements between BSP and authorized agent banks form the definition of "deposit substitutes"; suspension or abolition of IPO taxes; and removal; from GRT and incorporate into VAT income derived by finance companies from leases whether or not exercising quasi-banking functions. Likewise adopted was the 1/4 of 1% tax on gross selling price or gross value in money of the shares sold thru the exchange.</i></p>	<p align="center">FINEX</p> <p align="center">SEC, FINEX</p>

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<p>b) Promote collaborative efforts for the enhancement of tax systems and exchange of information towards regional integration</p>	<p>1) Establish a linkage with the ASEAN Forum on Taxation (AFT) for collaborative actions</p>	<p>2013-2015</p>	<p>(a) Designation of a DOF Unit/Officer who will be the link between the CMD Tax Group and the Working Group of the AFT done within one (1) month from approval of the Blueprint</p> <p>(b) Collaboration between the Working Group of AFT (covering capital market instruments) with the CMD Tax Group - to include the following actions:</p> <ul style="list-style-type: none"> - Inform the private sector groups of the progress of the AFTn derivatives (i.e. bilateral tax treaties, ease in exchange of information) - Request/allow private sector groups to submit inputs, comments, and proposals (top prioritize the proposed streamlining of procedures in availing tax benefits under tax treaties) 		<p>During the TWG-Taxes meeting on 27 September 2013, DOF's Dir. Jun Runas was designated as coordinator of the CMD Tax Group with the AFT.</p> <p><i>Dir. Runas reported on the progress of the AFT activities.</i></p> <p><i>In the 21 July 2014 CMDC Meeting, the TWG-Taxes reported the following developments on AFT:</i></p> <p><i>(1) Information was provided by ASEAN Member States on their progress towards the completion and review of their ongoing and existing bilateral tax treaty negotiations.</i></p> <p><i>(2) All ASEAN Member States continue to undertake necessary proceedings on negotiations with significant progress.</i></p>	<p>DOF, SEC, FINEX</p> <p>DOF, SEC, FINEX</p>

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					<p align="center"><i>[Continuation]</i></p> <p><i>(3) The meeting agreed to adopt a two-pronged approach with respect to the completion of a network of bilateral tax treaties, as well as addressing withholding tax and double taxation issues (i.e., review of existing or proposed tax treaties taking into consideration the different levels of development of the Member States [model agreement drafted by the BIR]; and for the WG-AFT to discuss future work programme [beyond 2015] in view of achieving a harmonized tax rate).</i></p> <p><i>(4) ADB Diagnostic Study on Regional Tax Harmonization for an Interlinked ASEAN Capital Market, to serve as WG-AFT's reference for future discussion.</i></p>	

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<p>c) Ensure attainment of the objectives of recently-enacted laws related to capital market development</p>	<p>(1) Address identified issues on the implementation of REIT</p>	<p>2013-2014</p>	<p>(a) Identification of issues and proposals done by 31 January 2012</p> <p>(b) Deliberation on the proposals done by 15 June 2012</p> <p>(c) Initial proposals presented to DOF/ CMDC by 30 August 2012</p> <p>(d) Exposure draft of REIT Law, as amended, for comments done within two (2) months from approval of the Blueprint</p> <p>(e) Submission of comments on the exposure draft done within one (1) month from exposure date</p> <p>(f) Consolidation of the submitted comments, deliberation and finalization of the draft law done within one (1) month from receipt of comments</p> <p>(g) Submission for sponsorship in Congress done within one (1) month from finalization of the draft REIT law</p>		<p>A group in FINEX has already assumed responsibility in coordinating the action on the proposed amendment to the REIT Law.</p>	<p>SEC, FINEX</p> <p>CMDC Sub-Committee On REIT</p> <p>CMDC Sub-Committee On REIT</p>

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<p>d) Ensure continuity of coordination in addressing tax issues on capital market transactions</p>	<p>(1) Create a <i>CMD Tax Group</i> through which tax issues on laws and regulations or pending bills related to capital market development may be identified and deliberated upon and <i>from which proposals could be made</i>;</p> <p>(2) Provide a venue for information sharing on tax related matters.</p>	<p align="center">2013</p>	<p>(a) Creation of a working group that will facilitate the drafting of a MOA that shall contain the terms for the creation and operation of a CMDC Tax Group done within two (2) months from approval of the Blueprint</p> <p>(b) The Memorandum of Agreement (MOA) drafted within two (2) months from the creation of the CMDC Tax Group</p> <p>(c) The draft MOA finalized and signed within one (1) month from date of initial draft</p> <p>(d) CMD Tax Group organized and operationalized within two (2) months from execution of the MOA</p>		<p>(1) A draft MOA has been prepared by the working group and upon request, the comments & inputs from the members have been incorporated in the final draft. (2) The proposed MOA was presented for approval by the CMDC during its meeting in July 2014. <i>(3) On August 5, 2014, the SEC En Banc approved the MOA for the creation and and operation of the CMD-Tax Group, with Comm. Ephyro Amatong as SEC's representative thereto.</i> <i>(4) The working group was created during the TWG Taxes meeting on 27 September 2013.</i></p>	<p>SEC, BIR, FINEX</p>
REGULATION						
<p>a) Pursuit of the SEC organizational review and formulation of an overall re-organizational plan for the agency</p>	<p>To identify a revised organization structure of the SEC appropriate to its existing core and emerging functions</p>	<p align="center">2013</p>	<p>SEC fully re-organized by 2013</p>		<p>Partially accomplished - In September 2013, the Commission undertook a renaming of some departments (including the divisions under each) and created a separate group for Information and Communications Technology (ICT)</p>	<p>SEC HRAD, FMD, and ERID with ADB assistance</p>

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b) Pursue activities and strategies to increase its manpower complement and enhance their capacity to perform and deliver on their duties and responsibilities	Implement capacity building measures	2012-2013	Qualified manpower complement increased by 25%		Freeze hiring, pending approval of the DBM and OP of additional positions for the SEC	SEC
c) Transfer of the SEC Head Office	To enable the agency accommodate bigger clientele and provide adequate space for expanding workforce	2013-2015	Purchase of lot and bidding for the construction of new SEC building commenced by 2013 SEC Building fully built by early 2014 and SEC transfer from Mandaluyong to Global City, Taguig Metro Manila effected before end-2014		Ongoing negotiations on the possible transfer of the SEC in Global City by 2016	SEC
d) Secure Congressional grant of fiscal autonomy to the SEC	To free itself from bureaucratic rigidities in connection with fiscal concerns which hampered its capacity to perform corporate regulatory functions and duties	2013-2016	Identification and deliberation of proposals done by end-2013		Exploring the possibility of the Commission's fiscal autonomy	SEC

¹ Refer Futures to Alternative Products Group

² Refer to Alternative Products Results Matrix

³ Refer to Taxes TWG

⁴ Referred to Taxes TWG