

August 8, 2016

*Dear Valued Client,*

Deutsche Bank AG Manila, your Third Party Custodian has expressed their intention in a letter dated June 27, 2016 to terminate their Third Party Custody (TPC) Services effective September 30, 2016 as they can no longer support TPC in the Philippines.

Third Party Custodians who applied and were accredited by BSP are: Land Bank of the Philippines Trust, PDTC Custody and Bureau of Treasury for Peso Denominated Securities and PDTC Depository and LBP Trust for US\$ denominated securities. 3<sup>rd</sup> Party Custodian covers all securities denominated in both Philippine Peso and in Foreign Currency sold on a without recourse basis in the Philippines by Financial Institutions regulated by BSP. These include investments in Philippine Government Securities such as Treasury Bills, Fixed Treasury Notes, ROPs and other corporate papers issued in the Philippines.

In view of the foregoing, kindly indicate below your choice of TPC where we will open an account in your behalf and transfer your existing securities holding from Deutsche Bank AG Manila Custody to the new provider.

**What do you have to do or decide at this point?**

**1. Choose your own custodian from the list of accredited institutions**

My Choice (please check your preferred Custodian Bank):

**Peso Denominated Securities**

\_\_\_\_\_ Bureau of Treasury (*Sovereign Bonds*)  
\_\_\_\_\_ Land Bank of the Philippines-Trust (*Corporate Bonds*)

**US\$ Denominated Securities**

\_\_\_\_\_ PDTC Depository  
\_\_\_\_\_ Land Bank of the Philippines-Trust

**2. Sign the Special Power of Attorney.**

**3. Fill-up and sign the Letter to the Custodian regarding the Security Custody Account.**

We are submitting for your signature the attached **Special Power of Attorney (SPA)** for 3<sup>rd</sup> Party Custodianship with your chosen custodian bank and **Security Custody Account Letter**. This will supersede the SPA you earlier signed assigning Deutsche Bank AG Manila Custody as 3<sup>rd</sup> Party Custodian.

We shall be glad to assist you in clarifying concerns you may have as you make your decision. You may direct your queries to your respective branch/ marketing officers or to Treasury Dept. Head Office at telephone numbers 702-9558/702-9535 to 39.

We have attached the BSP (Template) Letter of Advisory to the Investor as your reference to the BSP rules and regulations under Circulars 392 & 524. Kindly acknowledge receipt thereof by signing on the receiving copy of this letter.

Thank you for your continued trust and patronage.

Very truly yours,



**MA. REGINA N. LUMAN**  
SVP & Treasurer



**ELFREN ANTONIO S. SARTE**  
President & CEO

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Signature over printed name of client

# CALCULATION

(for New Clients)

## **PESO GOVERNMENT SECURITIES BONDS Transaction**

Outright Sale

Face Value: Php100,000.00

Tenor : < 1 year (90days) i.e. T-BILL	Tenor: > 1 year i.e. FXTN, RTBs
<b>Mapping Fee</b> If the remaining term < one year = 0.25 bps p.a. of the face amount based on the actual number of days/365 Php 0.63 $\text{Php}100,000.00 \times .000025 \times 90 / 360 = \text{Php}0.63$	<b>Mapping Fee</b> If the remaining term > one year = 0.25 bps flat of the face amount.      Php      2.50 $\text{Php}100,000.00 \times .000025 = \text{Php}2.50$
<b>Commission/Brokerage Fee</b> If the remaining term < one year = 10bps p.a. of the face amount based on the actual number of days/360 Php 25.00 $\text{Php}100,000.00 \times .0010 \times 90 / 360 = \text{Php}25.00$	<b>Commission/Brokerage Fee</b> If the remaining term > one year = 10 bps flat of the face amount.      Php      100.00 $\text{Php}100,000.00 \times .0010 = \text{Php}100.00$
<b>Custodian Fee*</b> NA	<b>Custodian Fee**</b> NA
<b>Total (for every P100,000)</b> <b>Php25.63</b>	<b>Total (for every P100,000)</b> <b>Php 102.50</b>
* If the 3rd Party Custodian is the Bureau of Treasury, there is no custodian fee charged	** If the 3rd Party Custodian is the Bureau of Treasury, there is no custodian fee charged, whether the FXTN or RTB has matured or on their respective coupon schedules or in the event of pre-termination

## **PESO CORPORATE BONDS Transaction**

Outright Sale

Face Value : Php100,000.00

Tenor : < 1 year (example here is 90days)	Tenor: > 1 year
<b>Mapping Fee</b> If the remaining term < one year = 0.25 bps p.a. of the face amount based on the actual number of days/365 Php 0.63 $\text{Php}100,000.00 \times .000025 \times 90 / 360 = \text{Php}0.63$	<b>Mapping Fee</b> If the remaining term > one year = 0.25 bps flat of the face amount.      Php      2.50 $\text{Php}100,000.00 \times .000025 = \text{Php}2.50$
<b>Commission/Brokerage Fee</b> If the remaining term < one year = 10bps p.a. of the face amount based on the actual number of days/360 Php 25.00 $\text{Php}100,000.00 \times .0010 \times 90 / 360 = \text{Php}25.00$	<b>Commission/Brokerage Fee</b> If the remaining term > one year = 10 bps flat of the face amount.      Php      100.00 $\text{Php}100,000.00 \times .0010 = \text{Php}100.00$
<b>Custodian Fee* of 0.025%</b> Face Value x 0.00025 x 90 / 360      Php 6.25	<b>Custodian Fee* of 0.025%</b> FORMULA: (FV x 0.00025% x actual # of days / 360) x no. of Cpn Payments (Face Value x 0.00025% x actual # of days / 360) x 2      Php      25.00
<b>Total (for every P100,000)</b> <b>Php31.88</b>	<b>Total (for every P100,000)</b> <b>Php 127.50</b>
* Custodian fee for Corporate Bonds is deducted on maturity date so tenor is equal to the remaining number of days.	* Custodian fee for Corporate Bonds is deducted every coupon payment which may be semi-annual or quarterly based on actual number of days in between coupon payments. But if the remaining tenor has 1 coupon payment upon sale to client, then the client will be charged once for the custodian fee.

## **USD BOND Transaction**

Outright Sale

Face Value : \$100,000.00

Tenor : < 1 year (90days)	Tenor: > 1 year
<b>Commission Fee</b> If the remaining term < one year = 10 bps p.a. of the face amount based on the actual number of days/360 \$25.00 $\text{US}\$100,000.00 \times .0010 \times 90 / 360 = \text{US}\$25.00$	<b>Commission Fee</b> If the remaining term > one year = 10 bps flat of the face amount.      \$      100.00 $\text{US}\$100,000.00 \times .0010 = \text{US}\$100.00$
<b>Custodian Fee* of 0.025%</b> Face Value x 0.00025 x 90 / 360      \$      6.25	<b>Custodian Fee* of 0.025%</b> FORMULA: (FV x 0.00025% x actual # of days / 360) x no. of Cpn Payments (Face Value x 0.00025% x actual # of days / 360) x 2      \$      25.00
<b>Total (for every US\$100,000)</b> <b>\$ 31.25</b>	<b>Total (for every US\$100,000)</b> <b>\$ 125.00</b>
* Custodian fee for USD Bonds is deducted every coupon payment. For USD Bonds with tenor of more than one year, coupon payment is twice a year so tenor is approximately equal to 180 days then multiply by 2 for the whole year.	

CONFORME OF CLIENT