

THE PHILIPPINE STOCK EXCHANGE, INC.

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| <input checked="" type="checkbox"/> Listing | <input type="checkbox"/> Others: |

TO : ALL LISTED COMPANIES AND THE INVESTING PUBLIC

SUBJECT : GUIDELINES ON MINIMUM PUBLIC OWNERSHIP REQUIREMENT FOR INITIAL AND BACKDOOR LISTINGS

DATE : August 3, 2020

Please be informed that the Securities and Exchange Commission (“SEC”) approved the PSE Guidelines on Minimum Public Ownership Requirement for Initial and Backdoor Listings (the “PSE Guidelines”).

The following are the salient points of the PSE Guidelines:

1. A company applying for initial listing through an initial public offering (“IPO”) is required to have a minimum public offer size of 20% to 33% of its outstanding capital stock post-IPO, as follows:

Market Capitalization	Public Offer
Not exceeding P500M	33% or P50M, whichever is higher
Over P500M to P1B	25% or P100M, whichever is higher
Over P1B	20% or P250M, whichever is higher

The company must maintain a public ownership level of at least 20% at all times after initial listing.

2. A company applying for listing by way of introduction is required to have at least 20% public float upon and after listing.
3. A company doing a backdoor listing is required to have at least 20% public float upon and after listing.

Attached is the official copy of the PSE Guidelines duly signed by the Exchange and the SEC.

The aforesaid PSE Guidelines shall take effect immediately.

(Original Signed)
Ramon S. Monzon
President and CEO

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**GUIDELINES ON MPO REQUIREMENT FOR
INITIAL AND BACKDOOR LISTINGS**

I. Policy Framework

On December 1, 2017, the Securities and Exchange Commission ("SEC") issued SEC Memorandum Circular No. 13, series of 2017 ("SEC MC No. 13-2017") which states, in part, that:

Section 3 – Minimum Public Ownership Requirement on Initial Public Offerings

- A. Upon effectivity of these Rules, a covered company filing a registration statement pursuant to Sections 8 and 12 of the [Securities Regulation Code] and with intention to list their shares for trading in an exchange shall apply for registration with a public float that meets the MPO of 20%;
- B. A covered company shall, at all times, maintain an MPO of at least 20%. If the MPO of a covered company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

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The rationale for increasing the minimum public ownership ("MPO") on initial public offerings ("IPO") to 20%, as stated in the recitals of SEC MC No 13-2017, are as follows:

1. A higher public ownership increases market depth and is essential for sustaining a continuous market for listed securities to provide liquidity which in turn attracts good quality and long-term investors;
2. The increase in liquidity improves market efficiency, reduces volatility and helps in better price discovery;
3. A large and dispersed shareholding lowers the opportunities for collusive market action or price manipulation and encourages good governance;
4. A higher public ownership increases the free float market capitalization which enhances the Philippines' relative weight in globally tracked free float-adjusted market capitalization weighted indices and in turn helps attract more capital especially with the ongoing ASEAN integration; and
5. There is a need to increase the current public ownership level of Philippine publicly listed companies to ensure that the objectives of the Securities Regulation Code are met



II. Minimum Public Ownership Requirement for Companies Applying for Initial Listing or Conducting Backdoor Listing

A. Initial Public Offering

Consistent with SEC MC No. 13-2017, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of outstanding capital stock post-IPO, as follows:

Market Capitalization	Public Offer
Not exceeding P500M	33% or P50M, whichever is higher
Over P500M to P1B	25% or P100M, whichever is higher
Over P1B	20% or P250M, whichever is higher

A company listing through an IPO must maintain a public ownership level of at least 20% at all times.

B. Listing by Way of Introduction and Backdoor Listing

Companies which will apply for listing by way of introduction and those which will conduct backdoor listing after the effectivity of these guidelines are required to have at least 20% public float upon and after listing.

For companies doing a backdoor listing, compliance with the 20% MPO shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

III. Effectivity

These guidelines shall take effect immediately.

The provisions of the Exchange's Rule on Minimum Public Ownership, as amended, which are not inconsistent with these guidelines shall continue to be in effect.





THE PHILIPPINE STOCK EXCHANGE, INC.:

A handwritten signature in black ink, appearing to be 'R. Monzon', written above a horizontal line.

RAMON S. MONZON
President and CEO

A handwritten signature in blue ink, appearing to be 'Roel A. Refran', written above a horizontal line.

ROEL A. REFRAN
Chief Operating Officer

SECURITIES AND EXCHANGE COMMISSION:

A handwritten signature in blue ink, appearing to be 'Vicente Graciano P. Felizmenio, Jr.', written above a horizontal line.

VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department