



MEMORANDUM

CN - No. 2022-0045

THE PHILIPPINE STOCK EXCHANGE, INC.

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| <input type="checkbox"/> Trading | <input type="checkbox"/> Public Advisory |
| <input type="checkbox"/> Disclosure | <input type="checkbox"/> Administrative/Technology Matters |
| <input type="checkbox"/> Listing | <input checked="" type="checkbox"/> Others: |

TO : THE INVESTING PUBLIC AND MARKET PARTICIPANTS

SUBJECT : PROPOSED AMENDMENTS TO THE CONSOLIDATED LISTING AND DISCLOSURE RULES AND REVISED TRADING RULES (2022 AMENDMENTS - PART II)

DATE : November 16, 2022

The Exchange is inviting all interested parties to submit their comments on the proposed amendments to the Consolidated Listing and Disclosure Rules and Revised Trading Rules (2022 Amendments - Part II), as discussed in the attached Consultation Paper.

Comments may be sent to the Office of the General Counsel at ogc@pse.com.ph until **December 1, 2022**.

(original signed)
Ramon S. Monzon
President and CEO

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The Philippine Stock Exchange, Inc.

Consultation Paper

PROPOSED AMENDMENTS TO THE CONSOLIDATED LISTING AND DISCLOSURE RULES AND REVISED TRADING RULES (2022 Amendments - Part II)

Disclaimer: This Consultation Paper is disseminated for the purpose of soliciting comments from the concerned stakeholders. The final version of the Rules may differ from the draft rules contained in this Consultation Paper.

I. Consultation Process

This Consultation Paper is circulated to give concerned stakeholders an opportunity to submit comments on the following proposed new rules and rule amendments:

A. Consolidated Listing and Disclosure Rules (“Consolidated Rules”)

1. Amendment of the lock-up period for shares issued and fully paid for within 6 months before the start of the offer at a transaction price lower than the offer price under the Main Board, Small, Medium and Emerging (“SME”) Board and Real Estate Investment Trust (“REIT”) Listing Rules;
2. Alignment of the applicable lock-up period under Section 8 of Guidance Note 25 and Section 2(a), Article III, Part D of the Consolidated Rules for shareholders who own at least 10% of the issued and outstanding shares of a company that does not meet the track record requirement;
3. Amendment of the PSE Rules on Dollar Denominated Securities to allow initial public offering of dollar denominated securities and align the listing fee structure with the listing fee framework under the Consolidated Rules;
4. Amendment of the fees for the transfer from SME Board to Main Board;
5. Imposition of filing fees for public offerings of listed secondary or treasury common shares;
6. Revision of the filing fees for listing by way of introduction;
7. Insertion of a new provision in the Rules on Delisting providing for the automatic delisting of redeemed preferred shares;
8. Amendment of Section 4(d), Article III, Part D of the Consolidated Rules to limit the business plan requirement to companies that do not meet the track record requirement;
9. Amendment of Section 10, Article III, Part A of the Consolidated Rules to allow the filing of listing applications covering underlying shares yet to be issued;
10. Amendment of Section 11, Article III, Part A of the Consolidated Rules to incorporate the requirement under the Revised Corporation Code on independent directors;
11. Codification of the chainlisting rule;
12. Codification of the sequential listing policy;

13. Amendment of Section 4.4.jj, Article VII of the Consolidated Rules to require the disclosure of the term sheet for any public or private sale of securities;
14. Amendment of the rule on the disclosure of substantial acquisitions and reverse takeovers under Section 5, Article VII of the Consolidated Rules;
15. Amendment on the required format for filing a request for extension to submit Annual Report and Quarterly Report;
16. Clarification of the requirement to disclose the election or appointment of new and replacement directors, officers or senior management under Section 4.4.d, Article VII of the Consolidated Rules;
17. Clarification of the requirement to disclose substantial purchase or sale of assets under Section 4.4.hh, Article VII of the Consolidated Rules;
18. Codification of the requirement to submit sworn Secretary's Certificate for Top 100 Stockholders' Report;
19. Codification of the revised deadline for monthly foreign ownership report;
20. Amendment of Section 4.1, Article VII of the Consolidated Rules to (a) remove the requirement to submit a hard copy of a disclosure of material information and (b) clarify the voluntary nature of filing a request for trading halt;
21. Amendment of Section 4.5, Article VII of the Consolidated Rules to remove the imposition of trading halt and apply the penalty provisions under Section 2, Article VIII of the Consolidated Rules in case of failure to confirm or deny the veracity of a material non-public information; and

B. Revised Trading Rules

22. Insertion of a new provision in Section 15, Article IV of the Revised Trading Rules expressly requiring the substantiation of a claim of an erroneous trade using order tickets and/or client confirmation or any other evidence.

Interested parties may submit their comments and requests for clarifications by e-mail to ogc@pse.com.ph until December 1, 2022.

II. Proposed Amendments

A. Consolidated Listing and Disclosure Rules

1. Lock-up period for shares issued and fully paid for within 6 months before the start of the offer at a transaction price lower than the offer price

Under the current listing rules, shares issued and fully paid for within six (6) months before the start of the offer at a transaction price lower than the offer price, except those issued to alternative investment funds, are subject to the following lock-up periods:

1. For Main Board – 365 days from full payment of the shares;
2. For SME Board – 365 days from listing; and
3. For REIT – 365 days from full payment.

Furthermore, the Main Board Listing Rules provide a different lock-up period of 180 days from listing for shares held by shareholders who own at least 10% of the issued and outstanding shares of stock of the listing applicant.

To standardize the lock-up periods for each listing board and have a uniform reckoning date for the lock-up, the Exchange proposes to amend the same as follows:

1. For Main Board – **180 days after listing;**
2. For SME Board – 365 days after listing, **provided that, on a case to case basis, the Exchange may shorten the lock-up period to 180 days for reasonable commercial transactions.** An example of a reasonable commercial transaction is if the shareholder needs to sell the locked up shares in a placement and subscription transaction to facilitate the entry of an investor that will make substantial investment in the company; and
3. For REIT – **follow the lock-up period under the Main Board or SME Board, as may be applicable.**

Accordingly, the proposed revisions will be reflected in the relevant listing rules, to wit:

Existing Rule	Proposed Rule Amendment
ARTICLE III EQUITY SECURITIES	ARTICLE III EQUITY SECURITIES
PART D MAIN BOARD LISTING	PART D MAIN BOARD LISTING
...	...
SECTION 2. Lock-Up –	SECTION 2. Lock-Up –

<p>...</p> <p>If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in the case of Applicant Companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering (IPO) or than that of the listing price in the case of Applicant Companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the full payment of the aforesaid shares.</p> <p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to alternative investment funds or their investment vehicle with demonstrated track record in private equity investments within one hundred eighty (180) days prior to the start of the Offering Period at a price lower than the IPO price if:</p> <p>...</p> <p>Shares held by the alternative investment fund or its investment vehicle which are covered by this exemption but are not sold during the IPO shall be locked up for 365 days from full payment of the shares.</p> <p>...</p>	<p>...</p> <p>If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in the case of Applicant Companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering (IPO) or than that of the listing price in the case of Applicant Companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) one hundred eighty (180) days from the full payment after listing of the aforesaid shares.</p> <p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to alternative investment funds or their investment vehicle with demonstrated track record in private equity investments within one hundred eighty (180) days prior to the start of the Offering Period at a price lower than the IPO price if:</p> <p>...</p> <p>Shares held by the alternative investment fund or its investment vehicle which are covered by this exemption but are not sold during the IPO shall <u>lose their exempt status and</u> be locked up for 365 180 days from full payment of the shares as <u>abovementioned.</u></p> <p>...</p>
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<p style="text-align: center;">ARTICLE III EQUITY SECURITIES</p> <p style="text-align: center;">PART E SMALL, MEDIUM AND EMERGING (SME) BOARD LISTING</p> <p>...</p> <p>SECTION 3. Lock-Up</p> <p>...</p> <p>If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which lead to an issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in case of Applicant Companies listing by way of introduction, and the transaction price is lower than the offer price in the Initial Public Offering, or the listing price in the case of Applicant Companies listing by way of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least three hundred sixty-five (365) days from listing of the aforesaid shares.</p> <p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to alternative investment funds or their investment vehicle with demonstrated track record in private equity investments within one hundred eighty (180) days prior to the start of the Offering Period at a price lower than the IPO price if:</p>	<p style="text-align: center;">ARTICLE III EQUITY SECURITIES</p> <p style="text-align: center;">PART E SMALL, MEDIUM AND EMERGING (SME) BOARD LISTING</p> <p>...</p> <p>SECTION 3. Lock-Up</p> <p>...</p> <p>If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which lead to an issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in case of Applicant Companies listing by way of introduction, and the transaction price is lower than the offer price in the Initial Public Offering, or the listing price in the case of Applicant Companies listing by way of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least three hundred sixty-five (365) days from <u>after</u> listing of the aforesaid shares, <u>provided that, on a case to case basis, the Exchange may shorten the lock-up period to one hundred eighty (180) days for reasonable commercial transactions.</u></p> <p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to alternative investment funds or their investment vehicle with demonstrated track record in private equity investments within one hundred eighty (180) days prior to the start of the Offering Period at a price lower than the IPO price if:</p>
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<p>...</p> <p>Shares held by the alternative investment fund or its investment vehicle which are covered by this exemption but are not sold during the IPO shall be locked up for 365 days from listing of the shares.</p> <p>...</p>	<p>...</p> <p>Shares held by the alternative investment fund or its investment vehicle which are covered by this exemption but are not sold during the IPO shall <u>lose their exempt status and</u> be locked up for 365 <u>or 180</u> days, <u>as may be applicable, from listing of the shares as abovementioned.</u></p> <p>...</p>
<p>AMENDED LISTING RULES FOR REAL ESTATE INVESTMENT TRUSTS (REITS)</p> <p>...</p> <p>SECTION 5. LOCK-UP –</p> <p>...</p> <p>c. If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in the case of Applicant Companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering (IPO) or than that of the listing price in the case of Applicant Companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the full payment of the said shares.</p>	<p>AMENDED LISTING RULES FOR REAL ESTATE INVESTMENT TRUSTS (REITS)</p> <p>...</p> <p>SECTION 5. LOCK-UP –</p> <p>...</p> <p>c. If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date in the case of Applicant Companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering (IPO) or than that of the listing price in the case of Applicant Companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) <u>one hundred eighty (180) days (for Main Board) or three hundred sixty-five (365) days (for SME Board)</u> from the full payment <u>after listing of the aforesaid shares.</u></p>

<p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to sponsors/promoters within one hundred eighty (180) days prior to the start of the Offering Period at a transaction price lower than the Offer price (“exempted shares”) provided that:</p> <p>...</p> <p>iii. the exempted shares that are not sold during the IPO shall lose their exempt status and be subject to the 365-day lock-up counted from full payment as provided under paragraph (c) of this Section 5.</p> <p>...</p>	<p>The lock-up requirement in the immediately preceding paragraph shall not apply to shares issued to sponsors/promoters within one hundred eighty (180) days prior to the start of the Offering Period at a transaction price lower than the Offer price (“exempted shares”) provided that:</p> <p>...</p> <p>iii. the exempted shares that are not sold during the IPO shall lose their exempt status and be subject to the <u>180-day (for Main Board) or 365-day (for SME Board)</u> lock-up counted from full payment after listing as provided under paragraph (c) of this Section 5.</p> <p>...</p>
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2. Lock-up period for shareholders who own at least 10% of the issued and outstanding shares of a company that is exempt from the track record requirement

As a general rule, stockholders owning at least 10% of the issued and outstanding shares of a company that is exempt from the track record requirement are prohibited from selling, assigning, or in any manner disposing of their shares in said company for a period of 365 days after listing. By way of exception, Section 8 of PSE Guidance Note 25 provides that the 180-day lock-up period shall apply, instead of the 365-day lock-up, if the exempted company is (i) operating for at least 10 years prior to the filing of the listing application and has a cumulative net income of at least Php75 Million for at least 2 of the 3 fiscal years immediately preceding the filing of the listing application, or (ii) a newly formed holding company which uses the operational track record of its subsidiary (or, stated otherwise, compliant with Section 1(b)(i) or 1(b)(ii) of Article III, Part D of the Consolidated Rules).

To consolidate the rules, the Exchange proposes to incorporate Section 8 of PSE Guidance Note 25 into Section 2, Article III, Part D of the Consolidated Rules, as follows:

Existing Rule	Proposed Rule Amendment
<p>ARTICLE III EQUITY SECURITIES PART D MAIN BOARD LISTING</p> <p>...</p>	<p>ARTICLE III EQUITY SECURITIES PART D MAIN BOARD LISTING</p> <p>...</p>

<p>SECTION 2. Lock-Up -</p> <p>(a) An Applicant Company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:</p> <p>i. One hundred eighty (180) days after the listing of said shares if the Applicant Company meets the track record requirements in Section 1 hereof; or</p> <p>ii. Three hundred sixty-five (365) days after the listing of said shares if the Applicant Company is exempt from the track record and operating history requirements of the Rules.</p> <p>...</p>	<p>SECTION 2. Lock-Up -</p> <p>(a) An Applicant Company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:</p> <p>i. One hundred eighty (180) days after the listing of said shares if the Applicant Company meets the track record requirements in Section 1(a) hereof. <u>This lock-up period will also apply to an Applicant Company that does not meet the track record requirement in Section 1(a) but complies with the requirements in Section 1(b)(i) or 1(b)(ii) of Article III, Part D of the Rules;</u> or</p> <p>ii. Three hundred sixty-five (365) days after the listing of said shares if the Applicant Company is exempt from the track record and operating history requirements of the Rules.</p> <p>...</p>
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3. Initial public offering of dollar denominated securities and alignment of fee framework

Under the Rules on Dollar Denominated Securities (“DDS Rules”), only existing listed companies in good standing with the Exchange are eligible to issue dollar-denominated securities, which means the DDS Rules apply only to additional listing of securities.

To provide a venue for capital raising for companies which have obligations in US dollars and attract and encourage more initial public offerings in the PSE, the Exchange proposes to revise the DDS Rules to allow IPO of dollar denominated securities.

The Exchange also proposes to align the listing fee structure under the DDS Rules with the listing fee framework under the Consolidated Rules such that the processing fee will be removed and filing fees will be paid in full upon filing of the listing application.

Accordingly, the relevant portions of the DDS Rules will be revised as follows:

Existing Rule	Proposed Rule Amendment
RULES ON DOLLAR DENOMINATED SECURITIES (“DDS”)	RULES ON DOLLAR DENOMINATED SECURITIES (“DDS”)
...	...
PART A GENERAL PROVISIONS	PART A GENERAL PROVISIONS
...	...
SECTION 5. Scope and Application – These Rules apply to existing listed companies which will issue DDS. DDS listings through initial public offering shall be subject to such other rules, regulations and other guidelines as may be hereafter prescribed by the Exchange and approved by the SEC, and other regulatory agencies.	SECTION 5. Scope and Application – These Rules apply to existing listed companies which will issue DDS <u>and list the same in the Exchange, whether through an initial public offering or additional listings.</u> DDS listings through initial public offering shall be subject to such other rules, regulations and other guidelines as may be hereafter prescribed by the Exchange and approved by the SEC, and other regulatory agencies.
SECTION 6. Definition of Terms – When used under these Rules, the following terms shall have the meaning indicated, unless the context provides otherwise:	SECTION 6. Definition of Terms – When used under these Rules, the following terms shall have the meaning indicated, unless the context provides otherwise:
...	...
h. Issuer – shall mean a listed company that will issue or has issued the DDS.	h. Issuer – shall mean a listed company that will issue or has issued the DDS.
...	...
p. Rules – shall mean Rules on Dollar Denominated Securities, unless otherwise indicated.	p. Rules – shall mean <u>these</u> Rules on Dollar Denominated Securities, unless otherwise indicated.
...	...
PART B LISTING AND DISCLOSURE	PART B LISTING AND DISCLOSURE
SECTION 1. Listing Criteria and General Requirements	SECTION 1. Listing Criteria and General Requirements

<p>a. Eligible Issuer –</p> <p>The Issuer must be an existing listed company in good standing with the Exchange. For purposes of these Rules, an Issuer is deemed to be in good standing if, at the time of submission of its listing application, the Issuer:</p> <ul style="list-style-type: none"> (i) does not have any outstanding penalties or other liabilities to the Exchange; (ii) is not the subject of any order of suspension from trading or any involuntary delisting proceedings; and (iii) is not the subject of any pending case, investigation or similar proceeding by the Exchange for violation of any applicable laws, rules, regulations or orders. <p>The foregoing criteria is illustrative only, and shall not restrict nor prevent the Exchange from taking into consideration any other material factors, events, circumstances and other related matters that negatively impact the Issuer.</p> <p>...</p> <p>c. Procedure for processing of listing applications – The Exchange will accept an application for listing DDS upon submission by the Issuer of:</p> <ul style="list-style-type: none"> (i) the documents required in the Supplemental Checklist of Documentary Requirements for DDS, attached as Annex A; (ii) the documents required in the applicable Checklist of Documentary 	<p>a. Eligible Issuer – <u>The Issuer must have all the qualifications and none of the disqualifications, and must comply with the suitability criteria, of the Exchange, as provided in the Consolidated Listing and Disclosure Rules.</u></p> <p><u>If applying for additional listing,</u> the Issuer must <u>also</u> be an existing listed company in good standing with the Exchange. For purposes of these Rules, an Issuer is deemed to be in good standing if, at the time of submission of its listing application, the Issuer:</p> <ul style="list-style-type: none"> (i) does not have any outstanding penalties or other liabilities to the Exchange; (ii) is not the subject of any order of suspension from trading or any involuntary delisting proceedings; and (iii) is not the subject of any pending case, investigation or similar proceeding by the Exchange for violation of any applicable laws, rules, regulations or orders. <p>The foregoing criteria is illustrative only, and shall not restrict nor prevent the Exchange from taking into consideration any other material factors, events, circumstances and other related matters that negatively impact the Issuer.</p> <p>...</p> <p>c. Procedure for processing of listing applications – The Exchange will accept an application for listing DDS upon submission by the Issuer of:</p> <ul style="list-style-type: none"> (i) the documents required in the Supplemental Checklist of Documentary Requirements for DDS, attached as Annex A; (ii) the documents required in the applicable Checklist of Documentary Requirements
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<p>Requirements covering the relevant transaction as provided in the PSE Listing and Disclosure Rules; and</p> <p>(iii) the applicable processing fee.</p> <p>...</p> <p>SECTION 2. Continuing Listing Requirements - The existing Listing and Disclosure Rules and requirements of the Exchange shall apply to the DDS of the Issuer. In addition, the Issuer shall continuously comply with the following:</p> <p>a. Disclose any action taken by the BSP and/or SEC regarding the validity of the issuance, offering and listing in the Exchange of the DDS, in accordance with the Unstructured Continuing Listing Requirements under the Disclosure Rules of the Exchange;</p> <p>b. Maintain all regulatory licenses and approvals applicable to the issuance and listing of the DDS;</p> <p>c. Ensure the availability of at least two (2) Eligible Brokers to trade the DDS.</p> <p>d. Include and maintain in its investor relations program the relevant detailed information on its DDS. The said program must effectively communicate to investors the relevant information affecting the DDS and the Issuer in its website and in the Issuer's other public platforms.</p> <p>e. Comply with all other listing requirements that may be imposed by the Exchange in relation to the issuance and listing of the DDS.</p> <p>...</p>	<p>covering the relevant transaction as provided in the PSE Consolidated Listing and Disclosure Rules; and</p> <p>(iii) proof of payment of the applicable processing filing fee.</p> <p>...</p> <p>SECTION 2. Continuing Listing Requirements - The existing Listing and Disclosure Rules and requirements of the Exchange shall apply to the DDS of the Issuer. In addition, the Issuer shall continuously comply with the following:</p> <p>a. Disclose any action taken by the BSP and/or SEC regarding the validity of the issuance, offering and listing in the Exchange of the DDS, in accordance with the Unstructured Continuing Listing Requirements under the Disclosure Rules of the Exchange;</p> <p>b. Maintain all regulatory licenses and approvals applicable to the issuance and listing of the DDS;</p> <p>c. Ensure the availability of at least two (2) Eligible Brokers to trade the DDS;</p> <p>d. Include and maintain in its investor relations program the relevant detailed information on its DDS. The said program must effectively communicate to investors the relevant information affecting the DDS and the Issuer in its website and in the Issuer's other public platforms;</p> <p>e. Comply with all other continuing listing requirements that may be imposed by the Exchange in relation to the issuance and the listing of the DDS.</p> <p>...</p>
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PART E FEES	PART E FEES
...	...
SECTION 1. Listing Fees	SECTION 1. Listing Fees
a. Processing Fee – Upon filing of its application to list, the Issuer shall pay a non-refundable processing fee of:	a. Processing Fee – Upon filing of its application to list, the Issuer shall pay a non-refundable processing fee of:
(i) For transactions covering public and/or stock rights offering, One Hundred Thousand Pesos (Php100,000.00) plus other incidental expenses.	(i) For transactions covering public and/or stock rights offering, One Hundred Thousand Pesos (Php100,000.00) plus other incidental expenses.
(ii) For other transactions, including but not limited to private placements or stock dividend declarations, Fifty Thousand Pesos (Php50,000.00) plus incidental expenses.	(ii) For other transactions, including but not limited to private placements or stock dividend declarations, Fifty Thousand Pesos (Php50,000.00) plus incidental expenses.
b. Listing Fee – The Listing Fee will be computed using the prevailing Schedule of Fees under the Listing Rules of the Exchange. The Listing Fee shall be paid after the Exchange approves the listing application.	ba. Listing Filing Fee – The Listing Filing Fee will be computed using the prevailing Schedule of Fees under the Consolidated Listing and Disclosure Rules of the Exchange. The Listing Filing Fee shall be paid upon filing of the listing application.
c. Annual Listing Maintenance Fee (“ALMF”) – The ALMF will be computed using the prevailing ALMF structure and will be paid on the last business day of the year. The Issuer shall be charged with an ALMF for its DDS separate from the other listed securities of the Issuer.	eb. Annual Listing Maintenance Fee (“ALMF”) – The ALMF will be computed using the prevailing ALMF structure and will be paid in accordance with Section 4, Article VI, Part A of the Consolidated Listing and Disclosure Rules on the last business day of the year. The Issuer shall be charged with an ALMF for its DDS separate from the other listed securities of the Issuer.
...	...

4. Filing fees for transfer from SME Board to Main Board

Under the current Schedule of Fees, a company applying for initial listing in the SME Board is required to pay filing fees equivalent to 1/10 of 1% of the maximum aggregate price of the

securities to be offered. If, subsequently, an SME-listed company files an application to be transferred to the Main Board, it is required to pay a non-refundable filing fee of One Hundred Thousand Pesos (Php100,000.00). On the other hand, a company applying for initial listing in the Main Board is required to pay filing fees based on their market capitalization, *i.e.*, the total number of shares applied for listing multiplied by the offer price.

This fee structure allows issuers which are already eligible for listing in the Main Board to seek admission to the SME Board first to avail of lower initial listing fees then later on request to be transferred to the Main Board by paying only Php100,000.00.

In order to standardize the fees for all Main Board listing applicants, the Exchange proposes to apply to applicants for transfer to the Main Board the same schedule of fees applicable to applicants for initial listing in the Main Board, less filing fees paid for initial and additional listings in the SME Board.

Accordingly, the Exchange proposes to amend Section 6, Article VI, Part B of the Consolidated Rules as follows:

Existing Rule	Proposed Rule Amendment
<p>ARTICLE VI SCHEDULE OF FEES</p> <p>PART B EQUITY SECURITIES – INITIAL LISTING</p> <p>...</p> <p>SECTION 6. Applications for Transfer to the Main Board – The Issuer shall pay a non-refundable filing fee of One Hundred Thousand Pesos (P100,000.00).</p>	<p>ARTICLE VI SCHEDULE OF FEES</p> <p>PART B EQUITY SECURITIES – INITIAL LISTING</p> <p>...</p> <p>SECTION 6. Applications Fees for Transfer to the Main Board – The An Issuer applying for transfer to the Main Board shall pay:</p> <p><u>a. a non-refundable processing fee of Five Hundred Thousand Pesos (Php500,000.00) upon submission of the request for transfer from the SME Board to the Main Board; and</u></p> <p><u>b. a non-refundable transfer filing fee upon PSE's approval of the transfer from the SME Board to the Main Board of One Hundred Thousand Pesos (P100,000.00). The transfer fee shall be based on the following schedule:</u></p>

	<u>Market Capitalization (MCap)</u>	<u>Transfer Fee Rate</u>
	<u>Php15 Billion and below</u>	<u>1/10 of 1% of MCap less the filing fees paid for initial and additional listings in the SME Board but not lower than Php500,000.00</u>
	<u>Over Php15 Billion</u>	<u>Php15 Million plus 1/20 of 1% of the excess over Php15 Billion MCap less the filing fees paid for initial and additional listings in the SME Board</u>
<p><u>For purposes of this section, MCap shall be computed as the number of listed shares multiplied by the closing price or last adjusted closing price of the Issuer's security on the trading day immediately preceding the date of the PSE's Notice of Approval.</u></p> <p><u>In case the request for transfer from the SME Board to the Main Board is approved, the processing fee paid shall be credited to the transfer fee.</u></p> <p><u>In case the request for transfer from the SME Board to the Main Board is abandoned, withdrawn, or disapproved, the processing fee paid shall be forfeited.</u></p>		

5. Filing fees for public offerings of listed secondary or treasury common shares

The Exchange proposes to standardize the fees for all transactions involving a public offering of securities through the Exchange since these transactions follow the same review process and use the same resources and facilities of PSE.

In this regard, the Exchange has noted that public offerings or stock rights offerings involving primary shares and reissued preferred shares entail the filing of a listing application so these transactions are covered by the current PSE Schedule of Fees. On the other hand, follow-on or stock rights offerings involving listed secondary or treasury common shares (*i.e.*, reacquired common shares) do not necessitate the filing of another listing application (although the relevant offer documents are submitted) so such transactions are not covered by the current PSE Schedule of Fees, even if the Exchange conducts the same rigorous process of reviewing the offer documents and making its facilities, such as the PSE EASy and disclosure portal, available for use in the offering. Thus, to bridge this gap in the rules, the Exchange proposes to implement a fee framework for transactions involving a public offering or stock rights offering of listed secondary or treasury common shares, which is similar to the fee framework for public offerings and stock rights offerings involving primary shares.

Accordingly, the Exchange proposes to insert a new Section 4 in Article VI, Part C of the Consolidated Rules which will read, as follows:

Existing Rule	Proposed Rule Amendment
None	<p>ARTICLE VI SCHEDULE OF FEES</p> <p>PART C EQUITY SECURITIES - ADDITIONAL LISTING</p> <p>...</p> <p><u>SECTION 4. Applications for Public Offering or Stock Rights Offering of Listed Secondary or Treasury Common Shares - An issuer conducting a public offering or stock rights offering of listed secondary or treasury common shares shall file an application for follow-on offering under Article V, Part F or stock rights offering under Article V, Part B and pay a filing fee equivalent to 1/10 of 1% of the number of shares to be offered multiplied by its offer price. If the final offer price is still to be determined from a price range set by the Issuer, the maximum price in the price range shall be used as the offer price. The filing fee shall be paid upon filing of the application.</u></p>

6. Filing fees for listing by way of introduction

Section 3, Article VI, Part B of the Consolidated Rules provides that the filing fee for an application for listing by way of introduction falling under Section 1(a), Article VI, Part G of the Consolidated Rules (or involving securities already listed or traded or will simultaneously be listed in another stock exchange or are listed in another trading market), whether in the Main or SME Board, shall be computed based only on the number of shares applied for listing held within the Philippines. Since all issued and outstanding securities of the same type and class are required to be applied for listing, pursuant to Section 9, Article III, Part A of the Consolidated Rules, the filing fee should be based on all such issued and outstanding securities, wherever they may be lodged, and not limited only to those securities held within the Philippines. Thus, the Exchange proposes to delete the qualifying statement “held within the Philippines” in the aforesaid filing fee structure.

Section 3, Article VI, Part B of the Consolidated Rules also provides that the filing fee for an application for initial listing by way of introduction in the SME Board (except those falling under Section 1(a), Article VI, Part G of the Consolidated Rules) shall follow the filing fee for an application for initial public offering and primary listing in the SME Board, which is equivalent to 1/10 of 1% of the maximum aggregate price of the securities to be *offered*.

However, a public offering is, in most cases, not undertaken upon listing by way of introduction.

To rectify this issue and standardize the listing fee structure across various types of initial listing, the Exchange proposes to use the maximum aggregate price of the securities to be *listed* as basis for computing the filing fee for an LBI application in the SME Board.

In view of the foregoing, Section 3, Article VI, Part B of the Consolidated Rules will be revised as follows:

Existing Rule	Proposed Rule Amendment
SECTION 3. Applications for Listing by Way of Introduction in the Exchange - Applicable fees for Issuers applying to list by way of secondary listing in the Exchange are as follows: For companies applying under Section 1(a), Part G, Article III, the filing fee shall be computed based only on the number of shares applied for listing held within the Philippines applying the scale of fees in Section 1, Part B, Article VI.	SECTION 3. Applications for Listing by Way of Introduction in the Exchange - Applicable fees for Issuers applying to list by way of secondary listing in the Exchange are as follows: For companies applying under Section 1(a), Part G, Article III, the filing fee shall be computed based only on the number of shares applied for listing held within the Philippines applying the scale of fees in Section 1, Part B, Article VI.

All other companies applying to list by way of introduction shall follow the scale of fees in Section 1, Part B, Article VI (for Main Board) or Section 2, Part B, Article VI (for SME Board).	All other companies applying to list by way of introduction <u>in the Main Board</u> shall follow the scale of fees in Section 1, Part B, Article VI (for Main Board) or Section 2, Part B, Article VI (for SME Board) . <u>Companies applying to list by way of introduction in the SME Board shall pay a filing fee equivalent to 1/10 of 1% of the maximum aggregate price of the securities to be listed.</u>
...	...

7. Automatic delisting of redeemed preferred shares

Redeemed preferred shares that are not retired are re-issuable and remain listed in the Exchange's registry. However, this could lead to a doubling in the number of listed shares such as when the issuer re-issues the redeemed preferred shares as new securities under a different series with different ISIN code, features, terms and conditions and lists the same without requesting for the delisting of the redeemed preferred shares.

Hence, to avoid this scenario, the Exchange proposes the automatic delisting of redeemed preferred shares given that these shares, if re-issued, will be considered as new securities, which must be applied for listing.

The foregoing proposal will be inserted in the Rules on Delisting and will read as follows:

Existing Rule	Proposed Rule Amendment
None	<u>Redeemed preferred shares shall be automatically delisted effective on the date of redemption, notwithstanding that the shares may be subject to reissuance.</u>

8. Business plan requirement for Main Board listing applicants that do not meet the track record requirement

In line with the PSE's objective to streamline listing requirements, the Exchange proposes to limit the business plan requirement under the Main Board listing rules to Main Board listing applicants that do not meet the track record requirement since these companies pose a greater risk to investors. Accordingly, the Exchange proposes to revise Section 4(d), Article III, Part D of the Consolidated Rules as follows:

Existing Rule	Proposed Rule Amendment
SECTION 4. Full Disclosure Policy - The Applicant Company shall submit the following disclosures to the Exchange	SECTION 4. Full Disclosure Policy - The Applicant Company shall submit the following disclosures to the Exchange

<p>within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:</p> <p>...</p> <p>d. A comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following quarter.</p> <p>...</p>	<p>within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:</p> <p>...</p> <p>d. <u>If the Applicant Company does not meet the track record requirement under Section 1(a), Article III, Part D of the Rules, a Business Plan upon filing of the listing application and a comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following the close of each</u> quarter.</p> <p>...</p>
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9. Acceptance of listing applications covering underlying shares yet to be issued

Under Section 10, Article III, Part A of the Consolidated Rules, only fully paid securities can be applied for listing in the Exchange. However, there are securities which, by nature, will be fully paid and issued at a later time upon the happening of a subsequent event. Examples include underlying shares of convertible securities, shares subject of a stock option or stock purchase plan which have not yet vested and/or availed of, shares subject of a stock dividend declaration, and shares covered by a shelf registration.

In this regard, the Exchange proposes to exempt such securities from the abovementioned rule and allow the filing of a listing application covering such securities. Accordingly, Section 10, Article III, Part A of the Consolidated Rules will be amended as follows:

Existing Rule	Proposed Rule Amendment
SECTION 10. Full Payment of Issued and Outstanding Shares – Only fully paid subscribed securities can be applied for listing in the Exchange, except for those securities that are subject of rights offering.	SECTION 10. Full Payment of Issued and Outstanding Shares – Only fully paid <u>subscribed and issued</u> securities can be applied for listing in the Exchange, except for those securities that are subject of rights offering; <u>provided, however, that the underlying shares of convertible securities, shares subject of a stock option or stock purchase plan which have not yet vested and/or availed of, shares subject of a stock dividend declaration, and shares covered by a shelf registration are exempt from this rule and may be applied for listing.</u>

10. Independent directors

The Exchange proposes to revise Section 11, Article III, Part A of the Consolidated Rules to incorporate the requirement under the Revised Corporation Code on independent directors. Thus, this section will be revised as follows:

Existing Rule	Proposed Rule Amendment
SECTION 11. Minimum Number of Directors - Upon the filing of the listing application, the Applicant Company shall have and maintain a minimum of seven (7) directors.	SECTION 11. Minimum Number of Directors - Upon the filing of the listing application <u>and after listing</u> , the Applicant Company shall have and maintain a minimum of seven (7) directors, <u>including independent directors constituting at least twenty percent (20%) of its board of directors, or such other applicable percentage as may be required by the Commission.</u>

11. Chainlisting rule

The Exchange's chainlisting rule was first introduced in Section 17, Chapter 2, Part C of the June 1996 edition of the Exchange's Listing Rules and applied only to applications for initial listing in the First Board (predecessor of the Main Board). The original rule read, *viz*:

17. Chainlisting

A subsidiary will not be considered for listing if its holding/parent company is already listed in the Exchange and it accounts for a substantial portion of the holding/parent company's average profits. Conversely, a holding/parent company will not be considered for listing if one or more of its subsidiaries are already listed in the Exchange and one or all of those listed subsidiaries accounts for a substantial portion of the holding company's average profits. For purposes of this rule, "substantial" shall be an amount in excess of fifty percent (50%).

Under the 2004 Revised Listing Rules, the chainlisting rule was revised and applied to all applications for initial listing, whether in the First Board, Second Board, or SME Board. The revised rule read, to wit:

As a general rule, a subsidiary or parent company of an existing listed issuer will not be considered suitable for listing if the assets and operations of the applicant are substantially the same as those of the existing listed issuer. In arriving at a decision, the Exchange will consider the applicant's business or commercial reasons for listing.

Subsequently, the chainlisting rule was deleted from the Consolidated Rules. Nevertheless, the Exchange continued to apply the rule as a suitability criterion.

In order to properly inform listing applicants and other market participants of the existence of the Exchange's chainlisting rule, the Exchange proposes to re-incorporate the same in the Consolidated Rules. The Exchange also proposes to enhance the rule by integrating quantitative thresholds based on revenues and assets, which are patterned after the "average profits" criterion under the 1996 rule, and the "assets and operations" criteria under the 2004 rule.

In view of the foregoing, the Exchange proposes to insert the following provision as the new Section 2, Article I, Part B of the Consolidated Rules:

Existing Rule	Proposed Rule Amendment
None	<p>ARTICLE I</p> <p>GENERAL OBJECTIVES AND PRINCIPLES</p> <p>PART B</p> <p>SUITABILITY RULE</p> <p>...</p> <p><u>SECTION 2. Chainlisting - As a general rule, a subsidiary or parent company of an existing listed Issuer will not be considered suitable for listing if more than fifty percent (50%) of the assets, products or services offered, and source of revenue of the applicant are the same as those of the existing listed Issuer. In arriving at a decision, the Exchange will consider the applicant's business or commercial reasons for listing. This rule shall also apply to backdoor listing.</u></p>

12. Sequential listing policy

In implementing Section 9, Article III, Part A of the Consolidated Rules, which requires that all issued and outstanding securities of the type and class applied for, including treasury shares, be applied for listing in the Exchange, the Exchange has adopted a policy that approval of the listing applications of a company should be sequential and that the prioritization of processing of listing applications shall conform to the sequence of issuance of shares of the listed company. Hence, no listing application will be approved unless all listing applications covering prior issuances or transactions have been or will be simultaneously approved,

provided the shares subject of such prior issuances or transactions are fully paid and eligible for listing. To codify such policy, the Exchange proposes to insert in Section 9, Article III, Part A of the Consolidated Rules the following provision (which will henceforth be referred to as the PSE's sequential listing policy):

Existing Rule	Proposed Rule Amendment
SECTION 9. Listing of Issued and Outstanding Shares and Other Securities, Including Treasury Shares – All issued and outstanding securities of the type and class applied for, including treasury shares, shall be applied for listing in the Exchange.	SECTION 9. Listing of Issued and Outstanding Shares and Other Securities, Including Treasury Shares – All issued and outstanding securities of the type and class applied for, including treasury shares, shall be applied for listing in the Exchange. <u>No application for additional listing of securities will be approved unless and until all previously issued and fully paid securities of the same type and class as the existing listed securities, including treasury shares, are approved for listing on the Exchange. Listing applications covering successive issuances may be submitted simultaneously to the Exchange but the approval shall still be in accordance with the chronology by which the relevant securities were issued.</u>

13. Disclosure of term sheet for any public or private sale of securities

Under Section 4.4.jj, Article VII (Disclosure Rules) of the Consolidated Rules, the public or private sale of issuer's additional securities is one of the events that must be disclosed promptly in compliance with Section 4.1 of the Disclosure Rules. Relative to this, the Exchange proposes to also require the prompt disclosure of the terms and timetable of the sale to enable the public to assess the potential impact of such sale on the company's financials.

In this regard, the Exchange suggests to revise Section 4.4.jj of the Disclosure Rules as follows:

Existing Rule	Proposed Rule Amendment
SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof: ...	SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof: ...

jj. The public or private sale of additional securities; ...	jj. The public or private sale of additional securities <u>and the relevant terms and timetable of such sale; provided, that, if the terms and/or timetable are determined after the Issuer's initial disclosure of the Board approval of such sale, these shall likewise be immediately disclosed to the Exchange in accordance with Sec. 4.1;</u> ...
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14. Disclosure of substantial acquisitions and reverse takeovers

The Exchange proposes to codify the following requirements and practices relating to the disclosure of substantial acquisition and reverse takeovers:

1. Imposition of a 1-hour trading halt if the initial disclosure of the substantial acquisition already includes a comprehensive corporate disclosure and copies of relevant documents; and
2. Submission of relevant documents such as Certificate of Incorporation, Articles of Incorporation and By-laws, General Information Sheet, and material agreements.

The foregoing proposed amendments will be incorporated in Section 5 of the Disclosure Rules as follows:

Existing Rule	Proposed Rule Amendment
SECTION 5. Disclosure for Substantial Acquisitions & Reverse Takeovers - When an Issuer or its subsidiary has merged or consolidated with or otherwise acquires a direct or indirect interest in an unlisted company, person or group, and said interest is ten percent (10%) or more of the total book value of the Issuer, the trading of the securities of the Issuer shall be suspended until the terms and conditions of the transaction, and the details pertaining to the business or project acquired are actually disclosed and, if applicable, the latest audited financial statements of the unlisted company, are submitted to the Exchange.	SECTION 5. Disclosure for Substantial Acquisitions & Reverse Takeovers - <u>Upon initial disclosure of any acquisition, merger, consolidation, or any transaction involving an Issuer or its subsidiary and an unlisted company, person or group whereby the</u> When an Issuer or its subsidiary has merged or consolidated with, or otherwise <u>will</u> acquires a direct or indirect interest in an unlisted company, person or group, and said interest is ten percent (10%) or more of the total book value of the Issuer, the trading of the securities of the Issuer shall be suspended until <u>a comprehensive corporate disclosure containing, among others,</u> the terms and

...	<p>conditions of the transaction, and the details pertaining to the business or project acquired, <u>is submitted to the Exchange, together with</u> are actually disclosed and, <u>copies of relevant documents such as but not limited to Certificate of Incorporation, Articles of Incorporation and By-laws, General Information, and if applicable, the latest audited financial statements of the unlisted company, are submitted to the Exchange. Material agreements should also be submitted for internal review.</u></p> <p><u>However, if the Issuer's initial disclosure of the transaction includes a comprehensive corporate disclosure and copies of relevant documents, the Exchange shall impose a one (1) hour trading halt after such initial disclosure.</u></p> <p>...</p>
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15. Request for extension to submit Annual Report and Quarterly Report

Under Section 1 of PSE Guidance Note 20, requests for extension of deadline for filing of Annual and Quarterly Reports are required to follow the recommended format of the Exchange, and requests for extension using SEC Form 17-L (Notification of Inability to File All or Any Portion of SEC Form 17-A or 17-Q) are not accepted.

To streamline this requirement, the Exchange proposes to accept requests for extension of deadline for filing Annual or Quarterly Reports using SEC Form 17-L or any other equivalent form used by the SEC for extensions (*e.g.*, during the Covid-19 pandemic, the SEC required the use of SEC Form 17-LC) in lieu of PSE's recommended template and revise the affected provision accordingly.

Existing Rule	Proposed Rule Amendment
1. Requests for extension of deadline for filing of Annual or Quarterly Reports shall be accepted by the Exchange only if it follows the recommended format (attached as Annex "B" and "C"). Hence, requests for extension using SEC Form 17-L (Notification of Inability to File All or Any Portion of SEC Form 17-A or 17-Q) shall not be accepted.	1. Requests for extension of deadline for filing of Annual or Quarterly Reports shall be accepted by the Exchange only if it follows the recommended format (attached as Annex "B" and "C"). Hence, requests for extension using <u>uses</u> SEC Form 17-L (Notification of Inability to File All or Any Portion of SEC Form 17-A or 17-Q) <u>or any</u>

	<u>other equivalent form used by the Commission for extensions.</u>
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16. Disclosure of the election or appointment of new and replacement directors, officers or senior management

Section 4.4.d of the Disclosure Rules states that the resignation or removal of directors, officers or senior management, the reasons therefor, and their replacements must be disclosed within ten (10) minutes from happening or occurrence or receipt by the issuer of information about it. The Exchange has noted that some listed companies fail to disclose an election or appointment of a director, officer or member of senior management, on the ground that they are not in replacement of a resigned or removed personnel.

Thus, to clarify that the disclosure requirement covers all cases of election or appointment of directors, officers or member of senior management, whether in replacement of a resigned or removed personnel or to fill a new position, the Exchange proposes to revise Section 4.4.d of the Disclosure Rules as follows:

Existing Rule	Proposed Rule Amendment
SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:	SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:
...	...
d. Resignation or removal of directors, officers or senior management and their replacements and the reasons for such;	d. <u>Election, appointment, resignation or removal, or replacement</u> of directors, officers or senior management and their replacements and the reasons for such;
...	...

17. Disclosure of substantial purchase or sale of assets

Under Section 4.4.hh of the Disclosure Rules, the purchase or sale of significant assets amounting to ten percent (10%) or more of the issuer's total assets other than in the ordinary course of business must be disclosed within ten (10) minutes from the happening or occurrence of such transaction or receipt by the issuer of information of such transaction. The Exchange has noted that the wording of this disclosure requirement is susceptible to varying interpretations which may lead to confusion regarding its applicability.

To clarify that (i) the disclosure requirement applies to any asset sale that breaches the 10% threshold, whether the company considers the asset significant or not, and (ii) the 10%

threshold refers to the transaction value and not the value of the assets purchased or sold, the Exchange proposes to amend Section 4.4.hh of the Disclosure Rules as follows:

Existing Rule	Proposed Rule Amendment
SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:	SECTION 4.4. Events Mandating Prompt Disclosure - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:
...	...
hh. The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business;	hh. The purchase or sale of significant assets, <u>other than in the ordinary course of business, where the transaction value is amounting equivalent</u> to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business;
...	...

18. Submission of sworn Secretary's Certificate for Top 100 Stockholders' Report

To assist the Exchange in monitoring compliance with the requirement that all issued and fully paid securities of the same type and class as those listed in the Exchange must be applied for listing and ensure that only listed securities are lodged and traded through the Exchange, the Exchange proposes to incorporate in its rules the requirement for listed companies to submit a sworn Corporate Secretary's certificate confirming, among others, the listed company's capital structure and number of lodged shares for the applicable quarter, together with the quarterly List of Top 100 Stockholders.

In view of the foregoing, Section 17.12 of the Disclosure Rules will be revised as follows:

Existing Rule	Proposed Rule Amendment
SECTION 17.12. Submission of List of Top 100 Stockholders - All listed companies shall submit to the Exchange a list of their top one hundred (100) stockholders on a quarterly basis. The list shall be submitted to the Disclosure Department within fifteen (15) days after the end of each quarter.	SECTION 17.12. Submission of List of Top 100 Stockholders - All listed companies shall submit to the Exchange <u>on a quarterly basis</u> a list of their top one hundred (100) stockholders <u>together with a sworn Corporate Secretary's certificate in the format prescribed by the Exchange</u> on a quarterly basis . The list <u>and sworn certificate</u> shall be submitted to the Disclosure Department within fifteen (15) days after the end of each quarter.

<p>In the submission of the List of Top 100 stockholders, listed companies must furnish the Exchange the names of the broker, dealer, investment house, voting trustee, bank, association, or other entity that exercises fiduciary power in nominee name or otherwise. "PCD Nominee Corporation" will not anymore be accepted by the Exchange as a valid entry in the list. For this purpose, the PCD shall be requested to furnish the list of PCD Participants to the concerned Issuers to enable them to comply with the foregoing requirement.</p>	<p><u>A disclosure that does not contain both the list of top 100 stockholders and the required sworn certificate shall be deemed incomplete and non-compliant with the Disclosure Rules.</u></p> <p>In the submission of the List of Top 100 stockholders, listed companies must furnish the Exchange the names of the broker, dealer, investment house, voting trustee, bank, association, or other entity that exercises fiduciary power in nominee name or otherwise. "PCD Nominee Corporation" will not anymore be accepted by the Exchange as a valid entry in the list. For this purpose, the PCD shall be requested to furnish the list of PCD Participants to the concerned Issuers to enable them to comply with the foregoing requirement.</p> <p><u>The sworn Corporate Secretary's certificate shall contain the following statements and information:</u></p> <p><u>1. that he/she is the duly elected and qualified Corporate Secretary of the Issuer;</u></p> <p><u>2. that as Corporate Secretary, he/she has custody and access to the corporate records of the Corporation, including but not limited to, the books and records of the transfer agent;</u></p> <p><u>3. the capital structure of the Issuer based on the records of the Issuer as of the covered period. The information on capital structure shall be presented in the following format:</u></p> <table border="1" data-bbox="846 1692 1414 1871"> <tr> <td data-bbox="846 1692 1133 1766"><u>Authorized Capital Stock</u></td><td data-bbox="1133 1692 1414 1766"></td></tr> <tr> <td data-bbox="846 1766 1133 1871"><u>Number, Classes of Shares, Par Value per Share</u></td><td data-bbox="1133 1766 1414 1871"></td></tr> </table>	<u>Authorized Capital Stock</u>		<u>Number, Classes of Shares, Par Value per Share</u>	
<u>Authorized Capital Stock</u>					
<u>Number, Classes of Shares, Par Value per Share</u>					

	<u>Issued and Outstanding Shares</u>	
	<u>Fully-paid Shares</u>	
	<u>Treasury Shares</u>	
	<u>Outstanding Shares</u>	
	<u>Listed Shares</u>	
	<u>Certificated Shares</u>	
	<p><u>4. the number of shares lodged under PCD Nominee – Filipino and PCD Nominee – Non-Filipino based on the records of the Philippine Depository & Trust Corp. as of the covered period;</u></p> <p><u>5. that all issued shares are duly and validly issued in accordance with existing laws, rules and regulations and are likewise listed on the PSE;</u></p> <p><u>6. that all lodged shares are validly issued and listed on the PSE;</u></p> <p><u>7. the number of shares which have been issued but have not been paid/fully paid and the reason why such shares are not yet paid/fully-paid; and</u></p> <p><u>8. the number of shares which have been issued and outstanding but are not yet listed and the reason why such shares are not yet listed.</u></p>	

19. Deadline for monthly foreign ownership report

Under Section 17.13 of the Disclosure Rules, the monthly report on foreign ownership must be submitted to the Exchange on or before the last working day of the first week of every month. The Exchange proposes to revise the deadline for submission to “within five (5) Trading Days after the close of each calendar month” in order to give the issuers more time to prepare the report and make compliance monitoring easier since it is aligned with the due date for filing the report on the number of shareholders under Section 17.6 of the Disclosure Rules.

The Exchange proposes to revise Section 17.13 of the Disclosure Rules as follows:

Existing Rule	Proposed Rule Amendment
<p>SECTION. 17.13. Report on Foreign Ownership -</p> <p>a. Issuers with unclassified shares with foreign ownership limits shall submit to the Exchange on a monthly basis not later than the last working day of the first week of every month, the basic information that will enable the Exchange to show the exact number of shares in the hands of foreign shareholders on a real time basis using the prescribed form (PSE Form ATG 1-98). Issuers may mandate their transfer agent to submit directly the aforesaid form to the Exchange.</p> <p>...</p>	<p>SECTION. 17.13. Report on Foreign Ownership -</p> <p>a. Issuers with unclassified shares with foreign ownership limits shall submit to the Exchange on a monthly basis not later than the last working day of the first week of every month <u>within five (5) Trading Days after the close of each calendar month</u>, the basic information that will enable the Exchange to show the exact number of shares in the hands of foreign shareholders on a real time basis using the prescribed form (PSE Form ATG 1-98). Issuers may mandate their transfer agent to submit directly the aforesaid form to the Exchange.</p> <p>...</p>

20. Disclosure of material information

The Exchange proposes to delete the requirement under Section 4.1 of the Disclosure Rules to deliver a hard copy of the disclosure within twenty-four (24) hours from initial disclosure, in keeping with the sustainability initiatives of the Exchange. Furthermore, submitting a hard copy separately is unnecessary since disclosures are now filed and stored electronically *via* PSE EDGe.

The Exchange also proposes to clarify that the filing of a request for trading halt is voluntary and not mandatory. Accordingly, references to “must request” will be changed to “may request.” The Exchange likewise proposes to include a statement that it may impose a trading halt if the circumstances warrant.

In view of the foregoing, Section 4.1 of the Disclosure Rules will be amended as follows:

Existing Rule	Proposed Rule Amendment
<p>SECTION 4.1. Disclosure of Material Information - In addition to the reportorial requirements under the SRC, Issuers are hereby required to disclose to the Exchange once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the</p>	<p>SECTION 4.1. Disclosure of Material Information - In addition to the reportorial requirements under the SRC, Issuers are hereby required to disclose to the Exchange once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the</p>

<p>receipt of such information or the happening or occurrence of said act, development or event. Disclosure must be made to the Exchange prior to its release to the news media.</p> <p>The original copy of the disclosure must be delivered to the Exchange within twenty four (24) hours from the time of initial disclosure.</p> <p>Any disclosure pursuant to the foregoing must be addressed to the attention of the Disclosure Department of the Exchange.</p> <p>Should the act, development or event occur during trading hours, the Issuer must request a halt in the trading of its shares in order to ensure that the investing public would have equal access to the information. If, however, the said act, development or event occurs after trading hours but the Issuer is unable to make a disclosure prior to the pre-open period of the next Trading Day, the Issuer must request a halt in the trading of its shares. In both cases, the trading halt shall be lifted one (1) hour after the information has been disseminated to enable the investing public to digest the information. If the information is disseminated one (1) hour or less prior to the close of market, the trading halt shall be lifted on the subsequent Trading Day.</p> <p>...</p>	<p>receipt of such information or the happening or occurrence of said act, development or event. Disclosure must be made to the Exchange prior to its release to the news media.</p> <p>The original copy of the disclosure must be delivered to the Exchange within twenty four (24) hours from the time of initial disclosure.</p> <p>Any disclosure pursuant to the foregoing must be addressed to the attention of the Disclosure Department of the Exchange.</p> <p>Should the act, development or event occur during trading hours, the Issuer must <u>may</u> request a halt in the trading of its shares in order to ensure that the investing public would have equal access to the information. If, however, the said act, development or event occurs after trading hours but the Issuer is unable to make a disclosure prior to the pre-open period of the next Trading Day, the Issuer must <u>may</u> request a halt in the trading of its shares. In both cases, <u>the Exchange may also impose a trading halt as it may deem necessary.</u> The trading halt shall be lifted one (1) hour after the information has been disseminated to enable the investing public to digest the information. If the information is disseminated one (1) hour or less prior to the close of market, the trading halt shall be lifted on the subsequent Trading Day.</p> <p>...</p>
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21. Clarification of material non-public information

Under Section 4.5 of the Disclosure Rules, if the Issuer fails to confirm or deny the veracity of a material non-public information (or if the reply fails to sufficiently clarify the material information requested) within the prescribed period, the Exchange shall impose a trading halt and a basic fine of Php30,000.00 and additional fine of Php10,000.00 for every 30 minutes of delay in responding.

To simplify the impossible penalties for violation of this disclosure requirement, the Exchange proposes to remove the imposition of said trading halt and fines, and instead, apply the penalty provisions under Section 2, Article VIII of the Consolidated Rules.

In this regard, Section 4.5 of the Disclosure Rules will be revised as follows:

Existing Rule	Proposed Rule Amendment
SECTION 4.5. Duty of the Issuer to Clarify Non-Public Material - Upon its receipt of any material non-public information, the Exchange shall request the Issuer concerned to confirm or deny the veracity of the said information (e.g. newspaper/newswire reports, information coming from third parties, broker's market letter, etc.) pertaining to the Issuer or any of its subsidiaries.	SECTION 4.5. Duty of the Issuer to Clarify Non-Public Material - Upon its receipt of any material non-public information, the Exchange shall request the Issuer concerned to confirm or deny the veracity of the said information (e.g. newspaper/newswire reports, information coming from third parties, broker's market letter, etc.) pertaining to the Issuer or any of its subsidiaries.
If the request for confirmation is made by the Exchange prior to the pre-open period of the said Trading Day, the Issuer must reply prior to the start of the said pre-open period.	If the request for confirmation is made by the Exchange prior to the pre-open period of the said Trading Day, the Issuer must reply prior to the start of the said pre-open period.
However, if the Exchange makes a request for confirmation after trading hours, the Issuer must reply prior to the start of the pre-open period of the next Trading Day.	However, if the Exchange makes a request for confirmation after trading hours, the Issuer must reply prior to the start of the pre-open period of the next Trading Day.
The Exchange shall impose a trading halt on the securities of the Issuer if it fails to confirm or deny the veracity of the said material non-public information. The halt shall be lifted at 10:00 a.m. even in the absence of any reply from the Issuer verifying or clarifying the material information. The Exchange must receive the Issuer's reply not later than 11:00 a.m. of the same Trading Day. If by 11:00 a.m., the Issuer fails to reply or should the reply fail to sufficiently clarify the material information requested by 11:00 a.m., it shall be fined the amount of Thirty Thousand Pesos (₱30,000.00). Thereafter, the Issuer	<u>The Issuer shall respond to the Exchange's request for clarification within the period indicated in the relevant correspondence.</u> The Exchange shall impose a trading halt on the securities of the Issuer if it fails to confirm or deny the veracity of the said material non-public information. The halt shall be lifted at 10:00 a.m. even in the absence of any reply from the Issuer verifying or clarifying the material information. The Exchange must receive the Issuer's reply not later than 11:00 a.m. of the same Trading Day. If by 11:00 a.m., the Issuer fails to reply or should the reply fail

shall be fined the additional amount of Ten Thousand Pesos (₱10,000.00) for every thirty (30) minutes of delay.	to sufficiently clarify the material information requested by 11:00 a.m. <u>within the period prescribed by the Exchange</u> , it shall be fined the amount of Thirty Thousand Pesos (₱30,000.00). Thereafter, the Issuer shall be fined the additional amount of Ten Thousand Pesos (₱10,000.00) for every thirty (30) minutes of delay <u>the Exchange shall impose the penalties under Section 2, Article VIII of the Rules.</u>
The imposition of the foregoing penalties shall be without prejudice to the imposition of penalty/ies for non-disclosure of material information after the same has been duly established and the need to pursue investigation of a possible violation of the anti-manipulative and anti-fraudulent provisions of the SRC.	The imposition of the foregoing penalties shall be without prejudice to the imposition of penalty/ies for non-disclosure of material information after the same has been duly established and the need to pursue investigation of a possible violation of the anti-manipulative and anti-fraudulent provisions of the SRC.

B. Revised Trading Rules

22. Trade Amendments

The Exchange has noted that the Exchange's trade amendment facility (*i.e.*, iPSE) may be prone to misuse and abuse if it is not clarified in the Revised Trading Rules that the amendment facility is available only to correct erroneous trades. To remedy this, the Exchange proposes to state in the Revised Trading Rules that an erroneous trade must be substantiated using the order tickets and/or client confirmation or any other evidence.

The aforesaid provision will be inserted in Section 15, Article IV of the Revised Trading Rules, together with other proposed amendments which aim to protect clients from improper trading practices, *viz*:

Existing Rule	Proposed Rule Amendment
SECTION 15. Trade Amendments Consistent with the policy in these Rules on foreign ownership limitations, market making, strict client account code and the requirement for separate traders to handle proprietary and client account, the allowable amendments on trades and the period for amendments shall be prescribed	SECTION 15. Trade Amendments a. Consistent with the policy in these Rules on foreign ownership limitations, market making, strict client <u>trading</u> account code and the requirement for separate traders to handle proprietary and client account, the allowable amendments on trades and the period for amendments shall be prescribed

<p>by the Exchange in the Implementing Guidelines of these Rules.</p> <p>The following restrictions, among others, on trade amendments shall apply:</p> <p>a. Any local client account can only be changed to an error account or another local client account;</p> <p>b. Any foreign client account can only be changed to an error account or another foreign client account;</p> <p>c. Client account can only be changed to another client account.</p>	<p>by the Exchange in the Implementing Guidelines of these Rules.</p> <p><u>b.</u> The following restrictions, among others, on trade amendments shall apply:</p> <p><u>ai.</u> Any local client account can only be changed <u>amended</u> to an error account or another local client account;</p> <p><u>bii.</u> Any foreign client account can only be changed <u>amended</u> to an error account or another foreign client account;</p> <p>c. Client account can only be changed to another client account.</p> <p><u>iii. Related party account can only be amended to an error account or another related party account of the same nationality; and</u></p> <p><u>iv. Principal account can only be amended to an error account.</u></p> <p><u>c. A trade amendment shall be allowed for an erroneous trade which is properly substantiated using the order tickets and/or client confirmation or any other evidence.</u></p>
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