



MEMORANDUM

CN - No. 2023-0068

THE PHILIPPINE STOCK EXCHANGE, INC.

- | | |
|-------------------------------------|----------------------------------------------------------------------------|
| <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: Proposed Rule Revisions |

TO : THE INVESTING PUBLIC AND MARKET PARTICIPANTS

SUBJECT : PROPOSED AMENDMENTS TO VARIOUS RULES OF THE EXCHANGE (DECEMBER 2023)

DATE : December 14, 2023

The Exchange is inviting all interested parties to submit their comments on the proposed amendments to the following rules of the Exchange, as discussed in the attached Consultation Paper:

1. Backdoor Listing Rules;
2. Voluntary Delisting Rules;
3. Guidelines for Fairness Opinions and Valuation Reports; and
4. Article V, Part A, Section 3(b) and Article VI, Parts A and C of the Consolidated Listing and Disclosure Rules.

Comments may be sent to the Office of the General Counsel at ogc@pse.com.ph until **December 28, 2023**.

(original signed)
Ramon S. Monzon
 President and CEO

CMDD	FD	IRD	MOD	TD	HRD / RISK / SU	CCD / FMD / AD	OGC	COO
Tel. No.: (632) 8876-4888					E-mail Address: investing@pse.com.ph			



The Philippine Stock Exchange, Inc.

Consultation Paper

PROPOSED AMENDMENTS TO VARIOUS RULES OF THE EXCHANGE (DECEMBER 2023)

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 proposed amendments to various rules of the Exchange.

Interested parties may submit their comments and requests for clarifications by e-mail to ogc@pse.com.ph until December 28, 2023.

II. Proposed Amendments

A. Backdoor Listing Rules

1. *Additional tests to determine substantial change in business*

Currently, only the asset test is used by the Exchange to determine whether an acquisition by the listed company of the shares or assets of an unlisted company (or vice-versa) will result in a substantial change in the business of the listed company, for the Exchange to consider the same as backdoor listing.

The Exchange proposes to adopt additional tests to determine substantial change in business, similar to those utilized by the Stock Exchange of Thailand and Bursa Malaysia, *viz*:

Existing	Proposed Amendment
<p>SECTION 2. Elements and Basic Guidelines – A backdoor listing is deemed to occur if the following elements are present:</p> <p>...</p> <p>There is substantial change in the business of the listed company if the value of the new business or assets acquired is more than fifty percent (50%) of the total assets of the listed company, based on the audited consolidated financial statements of the listed company as of the end of the fiscal year preceding the backdoor listing or the latest available interim financial statements, as may be applicable.</p>	<p>There is substantial change in the business of the listed company if <u>any of the following percentage ratios exceeds fifty percent (50%)</u>:</p> <ul style="list-style-type: none"> • <u>Net</u> value of the business or assets acquired / <u>net asset value</u> of the listed company • <u>Revenue attributable to the business or assets acquired / revenue of listed company</u> • <u>After-tax profits attributable to the business or assets acquired / after-tax profits of the listed company</u> • <u>Value of the consideration for the business or assets acquired / market value of all outstanding shares of the</u>

	<p><u>listed company prior to the acquisition</u></p> <ul style="list-style-type: none"> • <u>Number of new shares issued by the listed company as consideration for the acquisition / number of issued shares of the listed company prior to the acquisition</u> <p><u>The foregoing shall be</u> based on the audited consolidated financial statements <u>(or audited statutory financial statements, for those not required to prepare consolidated financial statements)</u> of the <u>company/ies being acquired and the</u> listed company as of the end of the fiscal year preceding the backdoor listing or the latest available interim financial statements, as may be applicable.</p>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. Exchange’s discretion to determine whether or not a transaction is backdoor listing

Currently, the Exchange may rule that a transaction is not backdoor listing if the issuer shows that a transaction is not aimed at circumventing the listing requirements.

The Exchange proposes to also be given flexibility to determine that a transaction is backdoor listing even if it does not strictly fall under the criteria provided in Section 2 of the Backdoor Listing Rules, to wit:

Existing	Proposed Amendment
<p>SECTION 2. Elements and Basic Guidelines - ...</p> <p>The Exchange may rule that a transaction is not backdoor listing if issuer shows that the transaction is not aimed at circumventing the listing requirements.</p>	<p>The Exchange may rule that a transaction is not backdoor listing if issuer shows that the transaction is not aimed at circumventing the listing requirements. <u>Conversely, the Exchange may consider a transaction as backdoor listing even if the transaction does not strictly fall under the above criteria if such acquisition has the effect of listing an unlisted company without complying with the initial listing rules.</u></p>

3. *Prohibition on backdoor listing*

The Exchange notes that, under the current rules, any listed company may conduct backdoor listing shortly after listing provided it complies with the backdoor listing requirements. To prevent flipping of control and change of business soon after listing to the prejudice of investors who invested in the listed company on the basis of the business prospects disclosed in the prospectus and other offering materials, the Exchange proposes to prohibit backdoor listing for a certain period after initial listing, *viz*:

Existing	Proposed Amendment
None	<p><u>A listed company shall be prohibited from conducting a backdoor listing within:</u></p> <p><u>(i) a period of three (3) years from initial listing for companies that are exempted from the track record and/or operating history requirement; or</u></p> <p><u>(ii) a period of one (1) year from initial listing for companies with track record and operating history.</u></p>

4. *Backdoor listing fee*

Under the existing Backdoor Listing Rules, the backdoor listing fee is comprised of (i) a backdoor listing fee which is computed based on the total book value of the outstanding shares of the unlisted company being backdoor listed, and (ii) a listing fee for the listing of any new shares issued pursuant to the backdoor listing transaction, which is computed based on the market price at the time of additional listing or the transaction price, whichever is higher.

The Exchange notes, however, that collecting both backdoor listing fee and listing fee for shares issued pursuant to the same backdoor listing transaction may be tantamount to double payment. Thus, the Exchange proposes to charge only one fee for backdoor listing transactions – either (i) a “listing fee” for the listing of the new shares issued, computed using the transaction price supported by a fairness opinion and valuation report, if the assets or business acquired are paid for fully by primary issuance of shares which will be applied for listing on the Exchange; or (ii) a backdoor listing fee computed using the acquisition cost of the unlisted company being backdoor listed and the assets or business being acquired, if the consideration for the unlisted company and the assets or business acquired is other than shares of stock of the listed company. However, in cases wherein the consideration for the unlisted company and the assets or business being acquired is a combination of (i) primary issuance of shares; and (ii) cash and/or transfer of other assets, both (i) a listing fee for the new shares issued; and (ii) a backdoor listing fee computed using the value of the consideration/s other than the issuance of primary shares of the listed company will be charged.

The Exchange proposes to revise the basis for the backdoor listing fee from “book value of outstanding shares of the unlisted company being backdoor listed” to “acquisition cost” because the transaction leading to backdoor listing may not always involve share acquisition. Moreover, acquisition cost remains fixed and therefore easier to verify at any given point. The Exchange likewise proposes to change the basis for computation of the listing fee for listing of additional shares from “market price at the time of additional listing” to “transaction price supported by a fairness opinion and valuation report” to provide a more reasonable and fair computation, and in line with the policy of the Exchange to collect the listing fees upon filing of the listing application instead of at the time of listing.

Taking into account the foregoing, the Exchange proposes to revise Section 10 of the Backdoor Listing Rules, as follows:

Existing		Proposed Amendment	
SECTION 10. Backdoor Listing Fee - The backdoor listing fee shall be computed based on the total book value of the outstanding shares of the unlisted company being backdoor listed:		SECTION 10. Backdoor Listing Fee - The backdoor listing fee shall be computed based on the acquisition cost of the outstanding shares of the unlisted company being backdoor listed and the assets or business being acquired:	
Total Book Value	Fee Rate	Total Acquisition Cost	Fee Rate
(1) P15 Billion and below	1/10 of 1% of total book value but not lower than P500,000.00	(1) P15 Billion and below	1/10 of 1% of total acquisition cost but not lower than P500,000.00
(2) Over P15 Billion	P15 Million + 1/20 of 1% of the excess over P15 Billion	(2) Over P15 Billion	P15 Million + 1/20 of 1% of the excess over P15 Billion
The backdoor listing fee is payable upon closing or completion of the transaction giving rise to backdoor listing.		The backdoor listing fee is payable upon closing or completion of the transaction giving rise to backdoor listing.	
The listing fee for the listing of new shares issued pursuant to the transaction leading to backdoor listing shall be one-tenth (1/10) of one percent (1%) of the market capitalization of the new shares issued. The market capitalization of the new shares issued should be based on the market price at the time of additional listing of new shares or the transaction price, whichever is higher.		However, if the transaction leading to backdoor listing involves primary issuance of shares only, the backdoor listing fee for the listing of new shares issued pursuant to the transaction leading to backdoor listing shall be one-tenth (1/10) of one percent (1%) of the market capitalization of the new shares issued. The market capitalization of the new shares issued should be based on the market price at the time of additional listing of new	

	<p>shares or <u>multiplied by</u> the transaction price, whichever is higher <u>supported by a fairness opinion and valuation report, but not lower than Php500,000.</u></p> <p><u>If the consideration for the unlisted company and the assets or business being acquired is a combination of (i) primary issuance of shares; and (ii) cash and/or transfer of other assets, the Issuer shall be charged: (1) a listing fee for the new shares issued; and (2) the backdoor listing fee computed using the value of the consideration/s other than the issuance of primary shares of the listed company.</u></p> <p>The backdoor listing fee is payable upon closing or completion of the transaction giving rise to backdoor listing <u>or, if new shares are issued in the transaction leading to backdoor listing, upon filing of the application for additional listing of such new shares.</u></p>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

B. Voluntary Delisting Rules

1. Minimum listing period

The Exchange proposes to indicate a minimum listing period of ten (10) years before a listed company is allowed to apply for voluntary delisting. This is to prevent listed companies from going private before giving investors sufficient time and opportunity to recover their investments.

Existing	Proposed Amendment
None	SECTION 1. A Listed Company may not apply for voluntary delisting if involuntary delisting proceedings have already been initiated. <u>A Listed Company cannot also apply for voluntary delisting within ten (10) years from initial listing via IPO, Listing by Way of Introduction or Backdoor Listing.</u>

2. *Selection of independent valuation provider*

The Exchange notes that in case of voluntary delisting, the concerns of stockholders often involved the undervaluation of shares for the purpose of setting the tender offer price and the perceived bias of valuation providers in favor of the listed company or bidders in the tender offer. In order to provide the investors and stakeholders a higher level of confidence in the independence and impartiality of the valuation provider, the Exchange proposes to select the provider from a list of valuation firms confirmed to be independent and nominated by the listed company. However, the listed company will still engage the valuation provider and pay for the cost of its services.

In this regard, the Exchange proposes the following revisions to Section 2 of the Voluntary Delisting Rules:

Existing	Proposed Amendment
<p>SECTION 2. The Exchange will allow the delisting of the security upon petition of the Listed Company if all of the following are complied with:</p> <p>...</p> <p>(d) A tender offer to all stockholders of record must be made. The Listed Company must submit a fairness opinion or valuation report, stating the fair value or range of fair values of the listed security, based upon certain procedures followed and assumptions made.</p> <p>...</p>	<p>SECTION 2. The Exchange will allow the delisting of the security upon petition of the Listed Company if all of the following are complied with:</p> <p>...</p> <p>(d) A tender offer to all stockholders of record must be made. The Listed Company must submit a fairness opinion or valuation report <u>issued by an independent valuation provider (as confirmed by the Exchange)</u>, stating the fair value or range of fair values of the listed security, based upon certain procedures followed and assumptions made. <u>The independent valuation provider shall be selected by the Exchange from a list of three (3) accredited valuation providers confirmed by the Exchange to be independent and nominated by the Listed Company or the bidder in the tender offer. The Listed Company shall engage and pay for the cost of the services of the valuation provider selected by the Exchange.</u></p> <p>...</p>

3. *Delisting threshold, extension of tender offer period, and payment of CGT and DST and processing of CAR*

The Exchange published on August 25, 2023 a proposal to allow voluntary delisting if, as a result of the tender offer, the public ownership of the listed company falls below the applicable minimum public ownership (“MPO”) requirement, which effectively lowers the delisting threshold from at least 95% of the issued and outstanding shares to any number that will cause the listed company to be in breach of the MPO requirement. This proposed revision was intended to address a scenario wherein a delisting applicant is unable to voluntarily delist for failing to reach the 95% threshold despite conducting a tender offer, but will still be involuntarily delisted for non-compliance with the MPO requirement.

However, upon reconsideration and in light of the comments received after the public consultation period, the Exchange has decided to retain the current 95% ownership threshold. This will be beneficial to minority/public shareholders since the delisting proponents will have to reach a higher threshold and show to the Exchange that the company is no longer publicly-held before voluntary delisting will be allowed. Concomitantly, to address the situation described in the preceding paragraph, the Exchange proposes to add a provision permitting the Exchange to allow voluntary delisting notwithstanding the delisting proponents’ non-compliance with the 95% threshold if the listed company is able to demonstrate that it has exerted sincere efforts to buy the shares of the remaining minority/public shareholders.

In addition to the foregoing, the Exchange also proposes to include the following rules for the benefit of the minority/public shareholders:

- i. In case the delisting threshold is met at the end of the original tender offer period but the bidder decides to extend the tender offer period, the bidder is required to fully pay the shares tendered during the original tender offer period on the original settlement date; and
- ii. In case the trading of the shares of a listed company is suspended as of the crossing of the tendered shares due to non-compliance with the MPO requirement, the listed company, delisting proponent(s), or bidder(s) will shoulder the corresponding capital gains tax and documentary stamp tax and process the application for a Certificate Authorizing Registration on behalf of the selling shareholders.

Existing	Proposed Amendment
SECTION 2. The Exchange will allow the delisting of the security upon petition of the Listed Company if all of the following are complied with: ...	SECTION 2. The Exchange will allow the delisting of the security upon petition of the Listed Company if all of the following are complied with: ...

(e) The person(s) proposing the delisting must show to the Exchange that following the acquisition of the tendered shares, said person(s) have obtained a total of at least ninety-five percent (95%) of the issued and outstanding shares of the Listed Company. However, if at the time the petition for delisting is filed, the person(s) proposing the delisting are already the beneficial owners of ninety-five percent (95%) or more of the issued and outstanding shares of the Listed Company, said person(s) shall still be required to make a tender offer to all other stockholders of record.

(e) The person(s) proposing the delisting must show to the Exchange that **as a result of** the acquisition of the tendered shares, said person(s) have obtained a total of at least ninety-five percent (95%) of the issued and outstanding shares of the Listed Company. However, if at the time the petition for delisting is filed, the person(s) proposing the delisting are already the beneficial owners of ninety-five percent (95%) or more of the issued and outstanding shares of the Listed Company, said person(s) shall still be required to make a tender offer to all other stockholders of record. **The Exchange can allow the voluntary delisting notwithstanding non-compliance with the 95% threshold if the Listed Company can demonstrate to the satisfaction of the Exchange that it has exerted sincere efforts to buy the shares of the remaining shareholders.**

The tender offer period may be extended, provided that if the applicable delisting threshold is met at the end of the original tender offer period, the bidder(s) shall be required to fully pay the shares tendered during the original tender offer period on the original settlement date.

If trading of the shares of the Listed Company is suspended as of the crossing of the tendered shares due to non-compliance with the Exchange's Amended MPO Rule, the Listed Company, the delisting proponent(s), or the bidder(s) will shoulder the corresponding capital gains tax and documentary stamp tax and process the application for a Certificate Authorizing Registration on behalf of the selling shareholders.

Any mandatory tender offer ("MTO") undertaken pursuant to the Securities Regulation Code may be considered as compliance with the tender offer requirement in the Amended Voluntary Delisting

	<i>Rules if the MTO complies with all the requirements of the Amended Voluntary Delisting Rules and will not result in circumvention of the investor protection provisions of said rule.¹</i>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

C. Guidelines for Fairness Opinions and Valuation Reports

1. *Submission of fairness opinion and valuation report in case of listing of new shares issued in view of a backdoor listing transaction*

In view of the Exchange’s proposal to use the transaction price supported by a fairness opinion and valuation report as basis for computing the backdoor listing fee in case there is primary issuance of shares (*please refer to the discussion in section II.A.4 above*), the Exchange proposes to clarify in Part I of the Guidelines for Fairness Opinions and Valuation Reports (“Guidelines”) that a fairness opinion and valuation report is required in applications for listing of new shares issued in connection with a backdoor listing transaction, *viz*:

Existing	Proposed Amendment
<p>I. Scope</p> <p>The proposed Guidelines for Fairness Opinions and Valuation Reports (“Guidelines”) are applicable to listing applications covering a listing by way of introduction, mergers and non-cash transactions such as share-for-share swaps, debt-to-equity conversions, property-for-share swaps, tender offers relating to delisting proceedings, and other similar transactions. An applicant company is required to submit a</p>	<p>I. Scope</p> <p>The proposed Guidelines for Fairness Opinions and Valuation Reports (“Guidelines”) are applicable to listing applications covering a listing by way of introduction, mergers and non-cash transactions such as share-for-share swaps, debt-to-equity conversions, property-for-share swaps, tender offers relating to delisting proceedings, listing of new shares issued in a backdoor listing transaction, whether for</p>

¹ The original proposal in the exposure draft published by PSE on August 25, 2023 read as follows:

(e) The person(s) proposing the delisting must show to the Exchange that ~~following the acquisition of the tendered shares, said person(s) have obtained a total of at least ninety five percent (95%) of the issued and outstanding shares of the Listed Company as a result of the acquisition of the tendered shares, the number of shares held by the public has fallen below the applicable MPO requirement.~~ However, if at the time the petition for delisting is filed, **the public ownership level of the Listed Company is already below the applicable MPO requirement,** the person(s) proposing the delisting ~~are already the beneficial owners of ninety five percent (95%) or more of the issued and outstanding shares of the Listed Company, said person(s) shall still be required to make a tender offer to all other stockholders of record and accept all tendered shares.~~

Any mandatory tender offer ("MTO") undertaken pursuant to the Securities Regulation Code may be considered as compliance with the tender offer requirement in the Amended Voluntary Delisting Rules if the MTO complies with all the requirements of the Amended Voluntary Delisting Rules and will not result in circumvention of the investor protection provisions of said rule.

<p>fairness opinion covering the valuation of the shares subject of the listing application and tender offer. Such fairness opinion must be supported by a valuation report(s).</p>	<p><u>cash or non-cash consideration</u>, and other similar transactions. An applicant company is required to submit a fairness opinion covering the valuation of the shares subject of the listing application and tender offer. Such fairness opinion must be supported by a valuation report(s).</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. *Test of independence*

The Exchange proposes to revise the Guidelines to (i) align the definition of “independence” with that in SRC Rule 19.2.6.1, and (ii) state when a confirmation of independence from the Exchange has to be secured.

In view of the foregoing, the Exchange proposes to revise Part II, Section 2 of the Guidelines, as follows:

Existing	Proposed Amendment
<p>II. Guidelines for Fairness Opinions and Valuation Reports</p> <p>...</p> <p>2. The Firm is not considered independent if:</p> <p>a. It is a related party, as defined in the Revised Listing Rules of the Exchange (“Rules”), to the applicant company;</p> <p>b. Its holding or subsidiary company provides financial advisory in relation to the applicant company’s listing application or proposed delisting, or external audit services to the applicant company; and</p> <p>c. Other circumstances or arrangements, direct or indirect, between the Firm and the applicant company that, in the determination of the Exchange, may influence, or tend to influence, the objectivity and reliability of the fairness opinion and valuation report(s).</p>	<p>II. Guidelines for Fairness Opinions and Valuation Reports</p> <p>...</p> <p>2. The Firm is not considered independent if <u>there is absence of any business arrangement or family relationship with any party to the transaction or of any of its directors, officers, or major stockholders that could, or could reasonably be perceived to, interfere with the exercise of the professional judgment of the Firm, its representative or any member of the engagement team, in carrying out their responsibilities in assessing the fairness of the issuer’s securities.</u></p> <p><u>Without limiting the generality of the foregoing, the Firm shall not be considered independent in the following cases:</u></p> <p>a. <u>The Firm and any party to the transaction are</u> related parties as defined in the Revised Listing Rules of the Exchange (“Rules”);</p>

<p>In general, the Exchange will consider the independence of the Firm when it is able to demonstrate a lack of conflict of interest with the applicant company.</p> <p>The fairness opinion and valuation report shall be supported by a sworn certification issued by the legal counsel of the applicant company, certifying the Firm’s independence.</p>	<p>b. <u>The Firm or its subsidiary, affiliate, or any member of the Firm’s network or group, domestic or international, provides or has provided within a period of (2) years before the Firm’s engagement</u> financial advisory or external audit services to <u>any party to the transaction or any of its directors, officers, or major stockholders; or</u></p> <p>c. <u>The aggregate fees received or to be received by the Firm for engagements involving any of the parties to the transaction, including their respective parent companies and/or subsidiaries, within the current fiscal year is at least ten percent (10%) of the total assets of the Firm for the immediately preceding fiscal year.</u></p> <p>In general, the Exchange will consider the independence of the Firm when it is able to demonstrate a lack of conflict of interest with the applicant company.</p> <p>The fairness opinion and valuation report shall be supported by a sworn certification issued by the legal counsel of the applicant company, certifying the Firm’s independence.</p> <p><u>The Exchange’s confirmation of independence must be secured prior to the conduct of any valuation-related work including, but not limited to, communication of results of the valuation to the applicant company, whether in the form of an official or draft report, and whether communicated in writing or verbally.</u></p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

3. Accreditation Period

Currently, the accreditation of a fairness opinion and valuation report provider is valid for a period of one (1) year from accreditation date. The Exchange proposes to extend the validity period of said accreditation to three (3) years to streamline the application process which, in turn, could potentially widen the pool of accredited providers.

In this regard, the Exchange proposes the following changes to the Guidelines:

Existing	Proposed Amendment
<p>III. Criteria for Accreditation and Renewal of Accreditation</p> <p>The accreditation of Firms for purposes of issuing fairness opinions and valuation reports required under the rules of the Exchange is valid for a period of one (1) year from accreditation date.</p> <p>...</p>	<p>III. Criteria for Accreditation and Renewal of Accreditation</p> <p>The accreditation of Firms for purposes of issuing fairness opinions and valuation reports required under the rules of the Exchange is valid for a period of one (1) year from accreditation date.</p> <p>...</p> <p><u>IV. Accreditation Period</u></p> <ol style="list-style-type: none"> <u>1. The validity of the accreditation of Firms for purposes of issuing fairness opinions and valuation reports shall be effective for a period of three (3) years from the date of the effectivity of the accreditation announced by the Exchange (“Accreditation Period”).</u> <u>2. The continued validity of the Firm’s accreditation within the Accreditation Period is subject to the Firm’s payment of the Accreditation Fee and the Firm’s compliance with the reportorial requirements under SEC and PSE rules.</u> <u>3. At any time within the Accreditation Period, the Exchange reserves the right to revoke or suspend any such accreditation granted to a Firm in the event that (i) the Firm’s representations are found to be false, inaccurate, misleading and/or incomplete; (ii) the Firm fails to comply with the qualifications and requirements prescribed by the Exchange; (iii) the Firm fails to comply with the reportorial requirements under SEC and PSE rules; or (iv) the Firm fails to comply</u>

	<p><u>with, or respond to, any directive of the Exchange issued in relation to a fairness opinion and/or valuation report issued by the Firm for a specific transaction.</u></p> <p><u>4. The Accredited Firm may file an application for the renewal of its accreditation six (6) months prior to its expiration.</u></p>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

4. Fees for Accreditation and Confirmation of Independence

Currently, the applicable fees for PSE accreditation as a fairness opinion and valuation report provider comprise of: (i) a non-refundable processing fee of Php10,000.00, exclusive of VAT, payable upon filing of the application for accreditation, and (ii) an accreditation fee of Php10,000.00, exclusive of VAT, payable within fifteen (15) calendar days from receipt of PSE’s notice of approval of the accreditation. In view of the change of accreditation period from 1 year to 3 years, the Exchange proposes to increase the accreditation fee to Php40,000.00. Further, to simplify the fee payment and collection, the Exchange proposes to combine the processing and accreditation fees and make the combined fee payable upon filing of the application for accreditation.

The Exchange also proposes to collect a Php25,000.00 fee, exclusive of VAT, for the processing of each request for confirmation of independence of the provider.

In case the application for accreditation or request for confirmation of independence is not granted by the Exchange, fifty percent (50%) of the fees paid shall be credited to any subsequent application for accreditation or request for confirmation of independence filed within six (6) months from such denial or rejection.

In this regard, the Exchange proposes to add a new Section V to the Guidelines which will govern the applicable fees for accreditation and confirmation of independence, to wit:

Existing	Proposed Amendment
Policy on Validity Period of the Accreditation of Firms for Valuation or Appraisal Purposes (“Policy”)	Guidelines for Fairness Opinions and Valuation Reports
...	...
III. POLICY	
...	

<p>B. Fees</p> <p>Applications for initial or renewal of accreditation for valuation or appraisal purposes shall be subject to the following fees:</p> <ol style="list-style-type: none"> 1. Processing Fee. Upon filing, the applicant Firm shall pay a non-refundable fee of Php10,000.00 (PLUS 12% VAT) for processing of the application. 2. Accreditation Fee. The applicant Firm shall pay the Accreditation Fee of Php10,000.00 (PLUS 12% VAT) payable within fifteen (15) calendar days from receipt of notice from the Exchange approving the application for accreditation. 	<p><u>V. Fees</u></p> <ol style="list-style-type: none"> 1. <u>Accreditation Fee. Upon filing of a request for accreditation or renewal of accreditation, the applicant Firm shall pay a non-refundable fee of Forty Thousand Pesos (Php40,000.00), exclusive of value-added tax.</u> 2. <u>Fee for Confirmation of Independence. For each request for Confirmation of Independence, the Firm shall pay a non-refundable fee of Twenty-Five Thousand Pesos (Php25,000.00), exclusive of value-added tax, upon filing of the request.</u> 3. <u>If the application for accreditation or request for Confirmation of Independence is not granted, fifty percent (50%) of the fees paid shall be credited to any subsequent application for accreditation or request for confirmation filed within six (6) months from the denial or rejection of the relevant application or request, after which, the 50% credit shall be forfeited.</u>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

D. Article V, Part A, Section 3 of the Consolidated Listing and Disclosure Rules – Waiver of Rights or Public Offering Requirement

Under the current rules, the Exchange will not permit the listing of additional shares subscribed by a related party, unless a rights or public offering is first undertaken. However, the conduct of a rights or public offering may be waived by a majority vote of the outstanding shares held by the minority stockholders present or represented in a stockholders’ meeting.

To further protect the interest of minority/public shareholders, the Exchange proposes more stringent requirements for the waiver in case the dilutive effect of the related party subscription is twenty percent (20%) or more, *viz*:

Existing	Proposed Amendment
<p>SECTION 3. Exceptions to the Rights or Public Offering Requirement - The Exchange shall grant an exception to the rights or public offering requirement in the following cases:</p> <p>...</p> <p>(b) The requirement for a rights or public offer is waived by a majority vote of the outstanding shares held by the minority stockholders present or represented in the stockholders' meeting; or</p> <p>...</p>	<p>SECTION 3. Exceptions to the Rights or Public Offering Requirement - The Exchange shall grant an exception to the rights or public offering requirement in the following cases:</p> <p>...</p> <p>(b) The requirement for a rights or public offer is waived by a majority vote of the outstanding shares held by the minority stockholders ("Minority Shares") present or represented in the stockholders' meeting; <u>provided, that if the dilutive effect of the subscription is twenty percent (20%) or more</u></p> <p>=</p> <p><u>(i) the waiver must be obtained in a meeting where stockholders owning a majority of the total outstanding Minority Shares are present or represented, and</u></p> <p><u>(ii) the waiver must be granted by a majority vote of the outstanding Minority Shares present or represented in that meeting; or</u></p> <p>...</p>

E. Article VI, Parts A and C of the Consolidated Listing and Disclosure Rules – Filing Fees

1. Exception to the general rule that the filing fee is payable upon filing of the listing application

The Exchange proposes to indicate a different deadline for payment of the fees for listing applications involving underlying shares of convertible securities, subscription warrants, and stock option or purchase plan, considering that the underlying shares to be issued and listed are not determined until availment or conversion and full payment, to wit:

Existing	Proposed Amendment
<p>ARTICLE VI SCHEDULE OF FEES</p> <p>PART A GENERAL</p> <p>...</p>	<p>ARTICLE VI SCHEDULE OF FEES</p> <p>PART A GENERAL</p> <p>...</p>

<p>SECTION 3. Payment Period for Filing Fee - The Applicant Company shall pay the filing fee upon filing of the listing application.</p>	<p>SECTION 3. Payment Period for Filing Fee - The Applicant Company shall pay the filing fee upon filing of the listing application, <u>except the fees for the listing of underlying shares of convertible securities, subscription warrants, and stock option plan or stock purchase plan which shall be payable upon submission of the notice of availment or conversion, as may be applicable, and full payment of the shares.</u></p>
------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. *Exclusion of backdoor listing fee from coverage of Article VI, Part C, Section 1 of the Consolidated Listing and Disclosure Rules*

The Exchange proposes to remove reference to “reverse takeovers and backdoor listings” since the backdoor listing fee is set out in the Backdoor Listing Rules.

Existing	Proposed Amendment
<p style="text-align: center;">ARTICLE VI SCHEDULE OF FEES</p> <p style="text-align: center;">PART C EQUITY SECURITIES - ADDITIONAL LISTING</p> <p>SECTION 1. Applications for Additional Listing - For all applications for listing of shares arising from subsequent public offerings of primary shares or re-issuance of shares, mergers or consolidations, substantial acquisitions, takeovers and reverse takeovers (also referred to as backdoor listings) and all other types of additional listing applications, the Issuer shall pay the filing fee rates indicated hereunder.</p> <p>...</p>	<p style="text-align: center;">ARTICLE VI SCHEDULE OF FEES</p> <p style="text-align: center;">PART C EQUITY SECURITIES - ADDITIONAL LISTING</p> <p>SECTION 1. Applications for Additional Listing - For all applications for listing of shares arising from subsequent public offerings of primary shares or re-issuance of shares, mergers or consolidations, substantial acquisitions, takeovers and reverse takeovers (also referred to as backdoor listings) and all other types of additional listing applications, the Issuer shall pay the filing fee rates indicated hereunder.</p> <p>...</p>

3. *Filing fee rate for underlying shares of convertible securities, subscription warrants, ESOP or ESPP, and stock rights offering*

In view of the Exchange’s proposal to indicate a different deadline for payment of the fees for listing applications involving underlying shares of convertible securities, subscription warrants, and stock option or purchase plan (*please refer to the discussion in section II.E.1 above*), the Exchange

proposes to clarify that the filing fee rate for said transactions shall be based on actual number of shares availed of multiplied by its conversion, strike or exercise price.

The Exchange also proposes to change the basis for the filing fee for other transactions from “number of shares to be listed” to “number of shares **applied for listing**” for clarity and avoidance of doubt.

Finally, the current basis for the filing fee for stock rights offering is the number of shares to be listed multiplied by the maximum offer price. However, in a stock rights offering, the listed company fixes the amount of capital to be raised and adjusts the number of Offer Shares accordingly to meet the target amount to be raised. Thus, the Exchange proposes that if the maximum amount to be raised is provided, the same will be the basis for computing the filing fee.

Taking into account the foregoing, the Exchange proposes the following revisions to Article VI, Part C, Section 1 of the Consolidated Listing and Disclosure Rules:

Existing		Proposed Amendment	
ARTICLE VI SCHEDULE OF FEES		ARTICLE VI SCHEDULE OF FEES	
PART C EQUITY SECURITIES - ADDITIONAL LISTING		PART C EQUITY SECURITIES - ADDITIONAL LISTING	
SECTION 1. Applications for Additional Listing - ...		SECTION 1. Applications for Additional Listing - ...	
Transaction	Filing Fee Rate	Transaction	Filing Fee Rate
(1) Stock Dividend	1/10 of 1% of the number of shares to be listed multiplied by its par value.	(1) Stock Dividend	1/10 of 1% of the number of shares applied for listing multiplied by its par value.
(2) Stock Rights Offering	1/10 of 1% of the number of shares to be listed 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	(2) Stock Rights Offering	1/10 of 1% of the number of shares applied for listing multiplied by its offer price, Provided that 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 price range shall be used as the offer price; <u>Provided, further that if the maximum amount to be raised is indicated in the listing application or offering materials, such amount will be the basis for the computation of the filing fee.</u>
(3) Debt-to-Equity Conversion	1/10 of 1% of the number of shares to be listed multiplied by its conversion price.	(3) Debt-to-Equity Conversion	1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by its conversion price.
(4) Private Placement	1/10 of 1% of the number of shares to be listed multiplied by its placement price.	(4) Private Placement	1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by its placement price.
(5) Shares for Asset Swap	1/10 of 1% of the number of shares to be listed multiplied by its transaction price.	(5) Shares for Asset Swap	1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by its transaction price.
(6) Shares for Property Swap	1/10 of 1% of the number of shares to be listed multiplied by its transaction price.	(6) Shares for Property Swap	1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by its transaction price.
(7) Underlying Shares	1/10 of 1% of the maximum number of underlying shares to be converted or exercised multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or	(7) Underlying Shares	1/10 of 1% of the <u>actual</u> number of underlying shares <u>availed</u> of multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or market

	<p>market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for purpose of computing the filing fee.</p>		<p>price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for purpose of computing the filing fee.</p>
<p>(8) Availment of Stock Option Plan</p>	<p>1/10 of 1% of the maximum number of shares to be availed or exercised multiplied by its Stock Option Plan price.</p> <p>Should the stock option price refer to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for the purpose of computing the filing fee. The same shall not, however, apply to shares already availed of or granted pursuant to the plan, in which case, the stock option price to be used by the Exchange shall be the price at which said option shares have been availed of or exercised.</p>	<p>(8) Availment of Stock Option Plan <u>or Stock Purchase Plan</u></p>	<p>1/10 of 1% of the <u>actual</u> number of shares to be availed <u>of</u> or exercised multiplied by its Stock Option Plan <u>or Stock Purchase Plan</u> price.</p> <p>Should the stock option price refer to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for the purpose of computing the filing fee. The same shall not, however, apply to shares already availed of or granted pursuant to the plan, in which case, the stock option price to be used by the Exchange shall be the price at which said option shares have been availed of or exercised.</p>

(9) Preferred Shares	1/10 of 1% of the number of shares to be listed multiplied by its issue price.	(9) Preferred Shares	1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by its issue price.
(10) Follow-on Offerings	<p>For common shares and ETFs - 1/10 of 1% of the number of shares to be listed multiplied by the maximum price or cap in the price range.</p> <p>For other shares - 1/10 of 1% of the number of shares to be listed 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.</p>	(10) Follow-on Offerings	<p>For common shares and ETFs - 1/10 of 1% of the number of shares <u>applied for listing</u> multiplied by the maximum price or cap in the price range.</p> <p>For other shares - 1/10 of 1% of the number of shares <u>applied for listing</u> 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.</p>
(11) Underlying Shares of Subscription Warrants	1/10 of 1% of the maximum number of underlying shares to be converted or exercised multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or market price of the shares at some future date or period, the date or	(11) Underlying Shares of Subscription Warrants	1/10 of 1% of the <u>actual</u> number of underlying shares <u>availed</u> of multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the

	period closest to the date of filing of the listing application shall be used for purposes of computing the filing fee.		listing application shall be used for purposes of computing the filing fee.
...		...	