

ARTICLE II DEFINITION OF TERMS

SECTION 1. Definition of Terms – For purposes of the Rules, unless the context provides otherwise, the following terms shall have the following definitions:

Affiliate	a person who directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the person specified, through the ownership of voting shares or other means such as contractual agreements.
Associate	when used to indicate a relationship with any person or entity, refers to: (a) any corporation or organization of which such person is an officer or a partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities; (b) any corporation, trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such person, or anyone who has the same home as such person or who is a director or officer of any of its parent companies or subsidiaries.
Appraisal	the estimation of the value of property made by an appraiser accredited by the Exchange and the Commission.
Applicant Company	the corporation whose securities are sought to be listed in the Exchange.
Beneficial Owner or Beneficial Ownership	any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or to direct the voting of such security; and/or investment returns or power, which includes the power to dispose of, or to direct the disposition of such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is:

- i. held by members of his immediate family sharing the same household;
- ii. held by a partnership in which he is a general partner;
- iii. held by a corporation of which he is a controlling shareholder; or
- iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such shares were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the Issuer:

- (a) a broker dealer;
- (b) an investment house registered under the Investment Houses Law;
- (c) a bank authorized to operate as such by the Bangko Sentral ng Pilipinas;
- (d) an insurance company subject to the supervision of the Office of the Insurance Commission;
- (e) an investment company registered under the Investment Company Act;
- (f) a pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Office of the Insurance Commission or relevant authority; and
- (g) a group in which all of the members are persons specified above.

All securities of the same class beneficially owned by a person, regardless of the form such beneficial ownership takes, shall be aggregated in calculating the number of shares beneficially owned by such person.

A person shall be deemed to be the beneficial owner

	of a security if that person has the right to acquire beneficial ownership within thirty (30) days, including, but not limited to, any right to acquire: through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to automatic termination of a trust, discretionary account or similar arrangement.
Bond	any interest-bearing or discounted government or corporate security that obligates the Issuer to pay the bondholder a specified sum of money, usually at specific intervals, and/or to repay the principal amount of the loan at maturity date, which is usually more than one (1) year from date of issuance.
Book Value Per Share	the value of the share of stock of a corporation, as determined by its assets net of liabilities divided by the number of shares outstanding.
Cash Dividends	cash payment declared by the Board of Directors of the Corporation for distribution to its stockholders out of its current earnings or accumulated profits.
Commission	the Securities and Exchange Commission.
Cum-Dividend	literally means “with dividends.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is entitled to receive the dividend that is attached to the share of stock.
Cum-Rights	literally means “with rights.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is entitled to exercise a right that is attached to the share of stock.
Cumulative Pre-Tax Profit	the algebraic sum of the pre-tax profits.
Director	the director of a corporation whose securities are, or are sought to be, listed on the Exchange.

Dividends	the payment in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them out of the unrestricted retained earnings as declared by the board of directors of a stock corporation.
Ex-Dividend	literally means “without dividends.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is not entitled anymore to receive the dividend that is attached to the share of stock that he has purchased. The entitlement to the dividend is retained by the seller.
Ex-Dividend Date	the date set by the Exchange during which the stock starts trading with the buyer of the stock not being entitled to receive the attached dividend.
Ex-Rights	literally means “without rights.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is not entitled anymore to exercise a right that is attached to the share of stock that he has purchased. The right is retained by the seller.
Ex-Rights Date	the date set by the Exchange during which the stock starts trading with the buyer of the stock not being entitled to exercise the attached right.
Expert	one who is qualified to give an opinion as to a fact which requires special knowledge and experience.
Extraordinary item	arises from events or transactions of material effect that are distinguished by their unusual nature and by the infrequency of their occurrence. For an item to be classified as extraordinary, the event of transaction which gave rise to it should meet these two (2) criteria: <ol style="list-style-type: none">i. Unusual nature – The underlying event or transaction should possess a high degree of abnormality, be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity

operates; and

- ii. Infrequency of occurrence - The event should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Items which are either unusual in nature or occur infrequently, but do not meet both criteria, should not be classified as extraordinary items.

Fiscal Year	a period of twelve (12) months designated as the accounting period for annual reports as provided in the By-Laws of the Applicant Company.
Infrastructure Projects	power generation, water supply, construction and maintenance of highways, seaport, airport, and/or telecommunications projects determined by the Exchange to be beneficial to the investing public and the national economy as a whole.
Investment House	a duly licensed enterprise authorized to underwrite securities of another person or enterprise, including securities of the Government and its instrumentalities.
Issue Manager	the person who acts as the financial adviser to the Issuer and is charged with the function of distribution and allocation of securities in any public offering and who may or may not be a part of the underwriting syndicate.
Issuer	a corporation whose securities are listed, sold or offered for sale to the public.
Listing	the admission of securities for trading and the inclusion in the official registry of the Exchange.
Listing Committee	the committee constituted by the Board of Directors of the Exchange to act on and to effectively recommend to the Board of Directors the proper course of action on all listing applications or cases and formulate rules and policies governing listing.

Note: Pursuant to a resolution issued and approved by the Exchange's Board of Directors on 26 April 2006, the Listing Committee has been abolished on 26 April 2006 and its functions have been assumed by the Exchange's Management, unless otherwise specified in the Rules. (Guidance Note 2 - Resolution No. 82 Series of 2006 of the Exchange's Board of Directors)

Listings Department	the Department which ensures the proper listing of the securities with the Exchange, and compliance with the provisions of the relevant laws and the rules of the Exchange governing listed companies.
Market Capitalization	the product of total number of securities issued, subscribed and to be subscribed, multiplied by the offer price per share. For purposes of determining the Annual Listing Maintenance Fee ("ALMF"), market capitalization shall be computed as the number of listed shares multiplied by the last traded price.
Market Value	the price of a security based on the quotations in the Exchange.
Material Fact/Information	any fact/information that could result in a change in the market price or value in any of the Issuer's securities, or would potentially affect the investment decision of an investor.
Offering Period	the period within which securities will first be made available for sale to the public.
Operating History	generally uninterrupted commercial operations, the period specified, during which revenues are generated.
Option	a privilege existing in one person for a consideration which gives him the right to buy or sell specified securities from another person, if he chooses, at any time within an agreed period, at a price which is fixed or based on a stated formula.
Paid-Up Capital	the amount paid for subscribed capital stock.
Par Value	the value of a share of stock as stated in the Company's Articles of Incorporation.

Parent Company	an affiliate controlling another company directly or indirectly through one or more intermediaries.
Person	an individual, corporation, partnership, association, a trust, any unincorporated organization, or government or political subdivision thereof.
Philippine National	a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent (60%) of the fund will accrue to the benefit of Philippine nationals; provided, that where a corporation and its non-Filipino stockholders own stocks in a Securities and Exchange Commission registered enterprise, at least sixty percent (60%) of the outstanding capital stock and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporation shall be considered a Philippine national.
Pre-Emptive Rights	the right of the stockholder of the company to subscribe to all issues or disposition of shares of any class in proportion to his shareholdings, before the shares are offered to the general investing public or by way of private placement.
Pre-Tax Profits	profits before income tax.
Principal/Substantial Shareholder	every person who is directly or indirectly the beneficial owner of ten percent (10%) or more of any class of any equity security which is registered pursuant to the Securities Regulations Code.

Note: The Securities Regulation Code, including its implementing rules and regulations, shall be referred to in the

Rules as "SRC."

Private Placement	the sale of securities to less than twenty (20) persons.
Prospectus	a written document prepared in conformance with the SRC Rule 8.1-1 and submitted by an Issuer as part of a registration statement filed with the Commission pursuant to Sections 8 and 12 of the SRC to sell, or offer for sale, securities to the public. This may also be referred to as the "Offering Memorandum."
Proxy	an authority or power to represent or vote a share of stock. It may also refer to the person authorized to vote the share of stock.
Record Date	the date on which the shareholder must be a registered owner in order to receive dividends or rights declared by the Issuer.
Red Herring	refers to a Preliminary Prospectus
Redeemable Securities	securities issued by a corporation which may be repurchased from their holders as expressly provided for in its Articles of Incorporation and indicated on the certificates representing said securities.
Share of Stock or Share or Stock	a unit of equity ownership in a corporation.
Stock Certificate	a document evidencing ownership by a shareholder in a corporation.
Stock Dividends	dividends paid in the form of shares of stock of a company.
Stockholders	stockholders of record as reflected in the books of the company.
Stock Option	the right to purchase or sell a specified number of shares of stock for a certain price within a specified period.

Subscription Contract	any contract for the acquisition of securities issued by a corporation.
Subsidiary	an affiliate controlled by another corporation directly or indirectly through one or more intermediaries.
Trading Day	any day when the Exchange is open for business.
Treasury Shares	shares of stock which were previously issued and fully paid, but subsequently reacquired by the issuing corporation by purchase, redemption, donation, or through some other lawful means.
Underwriter	a duly licensed and authorized investment house or universal bank which undertakes and guarantees the distribution of securities to the public.
Underwriting	the act or process of guaranteeing the distribution and sale of securities issued by another person or enterprise, including securities of the Government or its instrumentalities.
Voting Shares	shares of stock entitled to vote for election of directors, and or other matters presented to the stockholders for approval.

Note: Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing the masculine include the feminine and neuter and vice versa.