

Rule 24.1(e) – Manipulation of Security Prices – Price Fixing

It shall be unlawful for any person acting for himself or through a dealer or broker, directly or indirectly, to effect, either alone or others, any series of transactions for the purchase and/or sale of any security traded in an Exchange for the purpose of pegging, fixing or stabilizing the price of such security unless otherwise allowed by the SRC or these Rules.

Rule 24.2-2 - Short Sales

24.2-2.1. Definition of Short Sale

The term “short sale” shall mean any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of the seller with the commitment of the seller or securities borrower to return or deliver said securities or their equivalent to the lender on a determined or determinable future date. A person shall be deemed to own a security if: (1) he or his agent has title to it; (2) he has purchased, or has entered into an unconditional contract, binding on both parties thereto, to purchase it and has not yet received it; (3) he owns a security convertible into or exchangeable for it and has tendered such security for conversion or exchange; (4) he has an option to purchase or acquire it and has exercised such option; or (5) he has rights or warrants to subscribe to it and has exercised such rights or warrants provided, however, that a person shall be deemed to own securities only to the extent he has a net long position in such securities.

24.2-2.2. Determination of Good Delivery

No Broker or Dealer shall accept a long sale order from a customer unless he has made a determination that the customer owns the security and will deliver in good deliverable form within the settlement period provided by exchange or clearing agency, or as may be prescribed by the Commission. The determination must include a notation on the order ticket at the time the order is taken which reflects the conversation with the customer regarding the present location of the securities, whether they are in good deliverable form, and the customer’s ability to make delivery.

24.2-2.3. Order for Short Sale

Upon receiving an order to sell short a qualified security, the order should be indicated on the selling order and throughout all the records pertinent to the sale. Prior to acceptance of any short sale order, the broker dealer shall make a determination that the customer has already borrowed the security and such will be delivered in good deliverable form within the prescribed settlement period.

24.2-2.4. Definition of Qualified Security

For purposes of this rule, the term qualified security shall mean a listed security that is eligible for short selling in accordance with the following standards: (1) market capitalization; (2) tradability; (3) liquidity; and (4) with other applicable guidelines as may be prescribed by the Commission.

24.2-2.5. Execution of Short Sale/ Uptick Rule

No broker or dealer shall use any facility of a securities exchange to effect a short sale of any security unless (1) at a price higher than the last sale or (2) at the price of the sale if that price is above the next preceding different sale price on such day.

Unless otherwise provided by the Commission, this price requirement shall not apply to a sale due to a bona fide market-making or arbitrage activity executed by a broker dealer authorized to engage in such activities.

24.2-2.6. Failure to Deliver

No person shall, directly or indirectly, by the use of any facility of a securities exchange, effect a short sale in a security registered or listed on any securities exchange, where the seller does not intend or is unable to make delivery of the securities within the prescribed settlement period. Failure on the part of the seller to make delivery on such date will be construed by the Commission as prima facie evidence of the lack of intention on his part to make such delivery.

24.2-2.7. Mandatory Close-Out

A contract involving a short sale which has not resulted in a delivery by the Broker Dealer within the settlement period must be closed by the Broker Dealer either by purchasing for cash or guaranteed delivery, securities of like kind and quantity on the next business day after settlement date, unless such purchase cannot be effected within said period for justifiable reasons in which case, notification in writing shall be made with the Exchange and the Commission, or in accordance with rules of the clearing agency that shall clear and settle the transactions.

24.2-2.8. Directors, Officers or Principal Stockholders

No director, officer or principal stockholder of a corporation shall make a short sale in securities of the corporation in which he is a director, officer or principal stockholder.

24.2-2.9. Record Keeping

A Broker Dealer who engages in short selling activities is required to maintain and keep up-to-date ledgers, whether in manual or preferably in electronic form, to record the complete details of all short selling transactions whether for its account or for the account of its customers. Such ledgers shall be kept in accordance with the Records Retention Rule and be made available to the Commission.

24.2-2.10. Prohibition on Short Selling

The Commission may, *motu proprio* or upon recommendation of the Exchange, prohibit short selling in the Exchange indefinitely or for such period as it may deem proper for the protection of the investors. The Commission may also prohibit short selling in any Exchange as an emergency measure or whenever such short selling is necessary or appropriate in the public interest.

Rule 25 – Option Trading

No member of an Exchange shall, directly or indirectly endorse or guarantee the performance of any put, call, straddle, option or privilege in relation to any security registered on a securities exchange. The terms "put", "call", "straddle", "option", or "privilege" shall not include any registered warrant, right or convertible security.

Rule 26 – Fraudulent Transactions

26.1. It shall be unlawful for any person, directly or indirectly, in connection with the purchase or sale of any securities to: (i) employ any device, scheme, or artifice to defraud; (ii) obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (iii) engage in any act, transaction, practice or course of business which operates or would operate as a fraud or deceit upon any person.

26.2. Use of Information Obtained in Fiduciary Capacity

A Broker Dealer, Associated Person or salesman of a Broker Dealer, a paying agent, transfer agent, trustee, or any other person acting in a similar fiduciary capacity, who has received information as to the ownership of securities, shall not make use of such information for the purpose of soliciting or making purchases, sales or exchanges of securities or, except as provided in SRC Rule 30.2.9, provide such information to any person who does not need such information to fulfill his responsibilities under the Code.

26.3. Prohibited Representations, Dealings and Solicitations

It shall be unlawful for any:

26.3.1. Person to represent that he has been registered as a securities intermediary with the Commission unless such person is registered under the Code. Provided, registration under the Corporation Code shall not be deemed to be registration under the Code;

26.3.2. Broker Dealer to represent that the registration of the Broker Dealer under the Code, or the failure of the Commission to deny, suspend, or revoke such registration, indicates in any way that the Commission has passed upon or approved the financial standing, business, or conduct of such Broker Dealer, or the merits of any security or any transaction/s conducted thereby;

26.3.3. Person to represent that a security is a particular type of security when such representation is inconsistent with a stated definition under the Code or rules or regulations adopted thereunder.

26.3.4. Person to represent that a security to be sold, transferred, pledged, mortgaged, encumbered, used for delivery, or any other purpose to another entity or itself has been legally authorized by the registered owner when such representation is not true and documented in writing at the time and date it was used.