



# MEMO FOR BROKERS

## NO. 304-2006

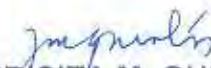
The Philippine Stock Exchange, Inc.

<input type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: <input type="checkbox"/> Rules on Backdoor Listing
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	<input type="checkbox"/>
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	<input type="checkbox"/>

Date : **September 21, 2006**  
 Subject : **RULES ON BACKDOOR LISTING**

Please be informed that, the Securities and Exchange Commission has approved the ***Rules on Backdoor Listing*** (the "Rules"), along with the Guidelines on the Comprehensive Corporate Disclosure for Backdoor Listings (the "Guidelines"). Attached is a copy of the Rules and the Guidelines for your reference. The Rules and Guidelines shall take effect on ***September 28, 2006***.

For your information and guidance.

  
**JURISITA M. QUINTOS**  
 Senior Vice President

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Finance / Admin / Membership Tel. No. 688-7560/7440/7460	Compliance & Surveillance Grp. Tel. No. 688-7559	Listing & Disclosures Grp. Tel. No. 688-7501/7510	COO / Automated Trading Grp. Tel. No. 688-7405/819-4400	Business Dev't & Info. Group Tel. No. 688-7590	CEO / Legal Tel. No. 688-7400/819-4408

**ARTICLE \_\_\_\_**  
**RULES ON BACKDOOR LISTING**

**SECTION 1. Basic Guidelines** – The Exchange shall allow the listing of shares of a listed company subject of a backdoor listing provided that the listed company agrees to fully disclose the details of the transaction/s entered by it and complies with the suitability requirements for listing, minimum public ownership and continuing listing requirements of the Exchange. These rules shall apply concurrently with the SRC rules on mandatory tender offer and other pertinent sections of the PSE's Revised Listing and Disclosure Rules.

A backdoor listing is deemed to occur when a listed company acquires or merges or combines with an unlisted company, or when a listed company is acquired by, merged or combined with an unlisted company, and which acquisition, merger, or combination results in a substantial change in the business, membership of the board of directors, or voting structure of the listed company.

The Exchange may rule that any of the transactions mentioned above shall not be considered backdoor listing if the acquisition, merger, or combination is preceded by or conducted through a tender offer, or if any of the affected companies is able to show that the acquisition, merger, or combination is not aimed at, directly or indirectly, circumventing the listing requirements of the Exchange.

**SECTION 2. Trading Suspension** - A trading suspension shall be imposed immediately after evaluation of the disclosure submitted and determination of the applicability of the rule on backdoor listing. Trading suspension shall be lifted one (1) trading day after dissemination by the Exchange of the Comprehensive Corporate Disclosure.

**SECTION 3. Comprehensive Corporate Disclosure** - A comprehensive corporate disclosure should be submitted within five (5) trading days from receipt of a request from the Exchange. The comprehensive corporate disclosure should include information such as the purpose for which the transaction is being entered into, the complete details of the transaction and information on the new shareholders, new business purpose and/or new assets to be acquired or infused. Annex "A" contains the list of information requirements to be disclosed, to be attested by the authorized corporate officer of the Issuer.

**SECTION 4. Stockholders' Approval** - The Issuer shall submit a sworn Corporate Secretary's Certification confirming that the stockholders in a regular or special meeting approved the transaction/s resulting in a backdoor listing.

**SECTION 5. Payment of Listing Fee and Processing Fee** –The listed company shall pay a listing fee equivalent to one-tenth (1/10) of one percent (1%) of the market capitalization of the new shares issued covering the transaction. 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.

The listed company shall also pay a non-refundable processing fee of P250,000.00 plus other incidental expenses.

**Annex "A"****GUIDELINES ON THE COMPREHENSIVE CORPORATE DISCLOSURE  
FOR BACKDOOR LISTINGS**

The following additional information shall be disclosed within five (5) trading days from initial disclosure to aid the Exchange in determining Backdoor Listing, and in evaluating whether the listed company continues to meet the listing requirements of the Exchange:

- a. Copies of all agreements duly executed that are relevant to the transaction
- b. Nature and description of the proposed transaction, including the timetable for implementation, and related regulatory requirements if applicable
- c. Reason/purpose of the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction
- d. The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any arrangements for payment on a deferred basis
- e. The basis upon which the consideration or the issue value was determined
- f. For cash considerations, the detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project
- g. The listed company must present a statement of active business pursuits and objectives which details the steps undertaken and proposed to be undertaken by the Issuer in order to advance its business
- h. Effects in the listed company before and after the transaction on the following:
  1. increase in authorized capital stock
  2. change in nature of business
  3. change in Board of Directors and officers
  4. change in name
  5. organizational structure (including percentage holdings to total outstanding shares) of the Issuer before and after the transaction
  6. capital structure of the listed company
- i. Additional information on the unlisted company including but not limited to:
  1. Articles of Incorporation
  2. Discussion of major projects and investments
  3. Capital structure
  4. Organizational Structure (including percentage holdings)
  5. Board of Directors, principal officers and major shareholders
  6. Audited financial statements or Annual Report for the last three (3) years
  7. Other relevant information
- j. The interest which directors of the parties to the transaction have in the transaction
- k. Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders
- l. Other relevant information