MEMORANDUM No.2008-0406

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer Systems Update
_____	Membership Rules	_____	Administrative Matters
_____	Listing Rules	X	Others: **Philippine Mineral Reporting Code**

To : **THE INVESTING PUBLIC**
Subject : **PHILIPPINE MINERAL REPORTING CODE**
Date : **August 22, 2008**

Attached is a copy of the Revised Philippine Mineral Reporting Code ("PMRC") approved by the Securities and Exchange Commission ("SEC") and duly signed by the authorized representatives of the SEC and PSE. The PMRC shall take effect immediately.

For your information and guidance.

(Original Signed)
ROY JOSEPH M. RAFOLS
COO / Head, Issuer Regulation Division

FID/CSD	Market Regulation Division	Issuer Regulation Division	Information Technology Division	Capital Markets Dev't Division	Office of the General Counsel
Tel. No. 688-7561/688-7508	Tel. No. 688-7541	Tel. No. 688-7510	Tel. No. 688-7480	Tel. No. 688-7534	Tel. No. 688-7411

Supplemental Rule "1"

Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

MARKET REGULATION DEPARTMENT

19 August 2008

PHILIPPINE STOCK EXCHANGE
PSE Center
Exchange Road, Ortigas Center
Pasig City
Fax: 637-8803

Attention : *Atty. Roy Joseph M. Rafols, COO*

Gentlemen:

We are sending you herewith two (2) original copies each of the revised Philippine Mineral Reporting Code, each page of which bears my signature and the signatures of PSE President and CEO, Francisco Ed. Lim, and PSE General Counsel, Atty. Roel A. Refran.

Thank you very much.

Very truly yours,

VICENTE GRACIANO P. FELIZMENIO JR.
Officer-in-Charge

The Philippine Stock Exchange, Inc.
Office of the President
RECEIVED
AUG 20 2008

pdgt 8-21-08

Supplemental Rule "1"

August 7, 2008

SECURITIES AND EXCHANGE COMMISSION
Market Regulation Department
SEC Building, EDSA Greenhills
Mandaluyong City, Metro Manila

Attention: **V. GRACIANO P. FELIZMENIO, JR.**
OIC, Market Regulation Department

Re : **Philippine Mineral Reporting Code**

Gentlemen:

In response to your letter dated July 30, 2008 which the Exchange received on August 5, 2008, we transmit herewith four (4) copies of the revised Philippine Mineral Reporting Code ("PMRC").

In addition and pursuant to SEC's directive, the copies of the PMRC have been duly signed by PSE President and CEO, Francisco Ed. Lim, and PSE General Counsel, Atty. Roel A. Refran.

We thank you for your continued support.

Very truly yours,

ROY JOSEPH M. RAFOLS
SVP & Chief Operating Officer

Cc: Francisco Ed. Lim
President and CEO

Philippine Mineral Reporting Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

The PMRC

2007 Edition

Prepared by the PMRC Committee composed of the Philippine Minerals Development Institute Foundation, Philippine Society of Mining Engineers, Geological Society of the Philippines, Society of Metallurgical Engineers of the Philippines, Mines and Geosciences Bureau, The Philippine Stock Exchange, Inc., Board of Investments, Chamber of Mines of the Philippines and the Philippine Australia Business Council

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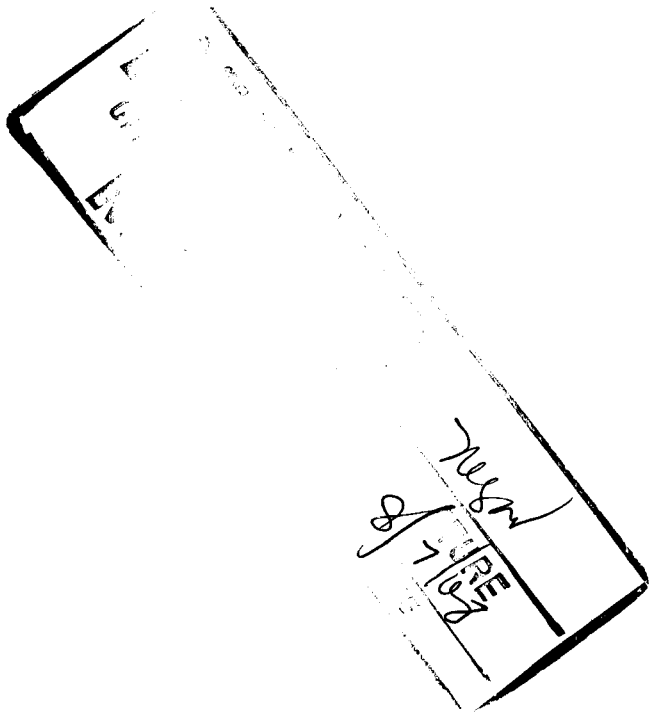


Foreword

1. The Philippine Mineral Reporting Code (PMRC), or the "Code", sets out minimum standards, recommendations and guidelines for Public Reporting in the Philippines of Exploration Results, Mineral Resources and Ore Reserves. The Code was formulated with the intent of setting minimum standards for public reporting that are compatible with global standards. The PMRC is modelled substantially on the wording of the JORC Code (2004) of Australasia and is also compatible with the international codes from Australia, South Africa, European Union, and Canada. It is consistent with the International Reporting Template (2006) established by the Committee for Mineral Reserves International Reporting Standard (CRIRSCO).

   The PMRC is an initiative of the Philippine Minerals Development Institute Foundation (PMDIF) together with The Philippine Stock Exchange, Inc. (PSE), Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources, Chamber of Mines of the Philippines (COMP), Philippines-Australia Business Council (PABC) and the Board of Investments (BOI) of the Department of Trade and Industry. The formulation of the technical provisions of the code was undertaken by the Professional Regulation Commission's (PRC) accredited professional organizations of the minerals industry which are the Philippine Society of Mining Engineers (PSEM), Geological Society of the Philippines (GSP), Society of Metallurgical Engineers of the Philippines (SMEP) and chaired by the PMDIF.

   The formulation of the PMRC was supported by the Australian Government through the Philippines-Australia Partnership for Economic Governance Reforms (PEGR), and the BOI.

I. Introduction

2. The important terms and their definitions are highlighted in **bold** text. The guidelines are placed after the respective Code clauses using *indented italics.* They are intended to provide assistance and guidance to readers. They do not form part of the Code, but should be considered persuasive when interpreting the Code. Indented italics are also used for Appendix 1 –*'Generic Terms and Equivalents'*, and Table 1 – '*Checklist of Assessment and Reporting Criteria*' to make it clear that they are also part of the guidelines, and that the latter is not mandatory for reporting purposes.

3. The PMRC has been adopted by the PSEM, GSP and SMEP and is therefore binding on members of these professional organizations. It is adopted by the PSE as part of their listing and disclosure rules and MGB, as part of their regulatory and reportorial requirements. PMDIF, BOI, COMP and the PABC endorsed the PMRC as a standard that promotes ethical conduct in public reporting in the mining industry.

   The PMRC requires the Competent Person(s), on whose work the Public Report of Exploration Results, Mineral Resources or Ore Reserves is based, to be named in the report. The report or attached statement must say that the person consents to the inclusion in the report of the matters based on their information in the form and context in which it appears, and must include the name of the person's firm or employer. Refer to Clause 8 of the Code.

II. Scope

4. The main principles governing the operation and application of the PMRC are transparency, materiality and competence.

   - ***Transparency*** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and is not misled.

- ***Materiality*** requires that a Public Report contains all the relevant information which investors and their professional advisers would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Exploration Results, Mineral Resources or Ore Reserves being reported.

- ***Competence*** requires that the Public Report be based on work that is the responsibility of suitably qualified and experienced persons who are subject to an enforceable professional code of ethics.

5. **Reference in the Code to a Public Report or Public Reporting is to a report or reporting on Exploration Results, Mineral Resources or Ore Reserves, prepared for the purpose of informing investors or potential investors and their advisers. This includes a report or reporting to satisfy regulatory requirements.**

The Code is a required minimum standard for Public Reporting. PMRC also recommends its adoption as a minimum standard for other reporting. Companies are encouraged to provide information in their Public Reports which is as comprehensive as possible.

Public Reports include, but are not limited to: company annual reports, quarterly reports and other reports to PSE, or as required by law. The Code applies to other publicly released company information in the form of postings on company web sites and briefings for shareholders, stockbrokers and investment analysts. The Code also applies to the following reports if they have been prepared for the purposes described in Clause 5: environmental statements; Information Memoranda; Expert Reports, and technical papers referring to Exploration Results, Mineral Resources or Ore Reserves.

For companies issuing concise annual reports, or other summary reports, inclusion of all material information relating to Exploration Results, Mineral Resources and Ore Reserves is recommended. In cases where summary information is presented, it should be clearly stated that it is a summary, with a reference attached giving the location of the Code-compliant Public Reports or Public Reporting on which the summary is based.

It is recognized that companies can be required to issue reports into more than one regulatory jurisdiction, with compliance standards that may differ from this Code. It is recommended that such reports include a statement alerting the reader to this situation. Where members of PSEM, GSP and SMEP are required to report in other jurisdictions, they are obliged to comply with the requirements of those jurisdictions.

The term 'regulatory requirements' as used in Clause 5 is not intended to cover reports provided to Government agencies for statutory purposes, where providing information to the investing public is not the primary intent. If such reports become available to the public, they would not normally be regarded as Public Reports under the PMRC (see also guidelines to Clauses 19 and 37).

Reference in the Code to 'documentation' is to internal company documents prepared as a basis for, or to support, a Public Report.

It is recognised that situations may arise where documentation prepared by Competent Persons for internal company or similar non-public purposes does not comply with the PMRC. In such situations, it is recommended that the documentation includes a prominent statement to this effect. This will make it less likely that non-complying documentation will be used to compile Public Reports, since Clause 8 requires Public Reports to fairly reflect Exploration Results, Mineral Resource and/or Ore Reserve estimates, and supporting documentation, prepared by a Competent Person.

While every effort has been made for the Code and Guidelines to cover most situations likely to be encountered in Public Reporting, there may be occasions when doubt exists as to the appropriate form of disclosure. On such occasions, users of the Code and those compiling reports to comply with the Code should be guided by its intent, which is to provide a minimum standard for Public Reporting, and to ensure that such reporting

contains all information which investors and their professional advisers would reasonably require, and reasonably expect to find in the report, for the purpose of arriving at a reasoned and balanced judgment regarding the Exploration Results, Mineral Resources or Ore Reserves being reported.

6. The Code is applicable to all solid minerals, including industrial minerals and coal, for which Public Reporting of Exploration Results, Mineral Resources and Ore Reserves is required by PSE.

7. PMRC recognises that further review of the Code and Guidelines will be required from time to time.

III. Competence and Responsibility

8. A Public Report concerning a company's Exploration Results, Mineral Resources or Ore Reserves is the responsibility of the company acting through its Board of Directors. Any such report must be based on, and fairly reflect the information and supporting documentation prepared by a Competent Person or Persons. A company issuing a Public Report shall disclose the name(s) of the Competent Person or Persons, state whether the Competent Person is a full-time employee of the company, and, if not, name the Competent Person's employer. The report shall be issued with the written consent of the Competent Person or Persons as to the form and context in which it appears.

Appropriate forms of compliance statements may be as follows (delete bullet points which do not apply):

- *If the required information is in the report:*

  "The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by (insert name of Competent Person), who is a Member or Fellow of the PSEM, GSP or SMEP or a 'Recognised Overseas Professional Organization' ('ROPO') included in a list promulgated by the accredited professional organizations together with the PMDIF from time to time (select as appropriate and if a ROPO insert name of ROPO)": or

- *If the required information is included in an attached statement:*

  "The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by (insert name of Competent Person), who is a Member or Fellow of PSEM, GSP and SMEP or a 'Recognised Overseas Professional Organization' ('ROPO') included in a list promulgated by the PSE from time to time (select as appropriate and if a ROPO insert name of ROPO)".

- *If the Competent Person is a full-time employee of the company:*

  "(Insert name of Competent Person) is a full-time employee of the company".

- *If the Competent Person is not a full-time employee of the company:*

  "(Insert name of Competent Person) is employed by (insert name of Competent Person's employer)".

- *For all reports:*

  "(Insert name of Competent Person) has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he (or she) is undertaking to qualify as a Competent Person as defined in the 2007 Edition of PMRC for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. (Insert name of Competent Person) consents to

the inclusion in the report of the matters based on his (or her) information in the form and context in which it appears".

9. Documentation detailing Exploration Results, Mineral Resource and Ore Reserve estimates, on which a Public Report on Exploration Results, Mineral Resources and Ore Reserves is based, must be prepared by, or under the direction of, and signed by, a Competent Person or Persons. The documentation must provide a fair representation of the Exploration Results, Mineral Resources or Ore Reserves being reported.

10. **A 'Competent Person' is a person who is a duly-licensed professional and is an active Member or Fellow of PSEM, GSP or SMEP, duly accredited by the professional organization to which he/she belongs or of a 'ROPO' included in a list promulgated as the need arises. For purposes of the PMRC, a "ROPO" is defined as the Recognized Overseas Professional Organization. However, to qualify as a Competent Person, a ROPO member must comply with all applicable laws to practice his/her profession in the Philippines.**

A 'Competent Person' must have a minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.

If the Competent Person is preparing a report on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves.

The key qualifier in the definition of a Competent Person is the word 'relevant'. Determination of what constitutes relevant experience can be a difficult area and common sense has to be exercised. For example, in estimating Mineral Resources for vein gold mineralization, experience in a high-nugget, vein-type mineralization such as tin, uranium etc. will probably be relevant whereas experience in (say) massive base metal deposits may not be. As a second example, to qualify as a Competent Person in the estimation of Ore Reserves for alluvial gold deposits, considerable (probably at least five years) experience in the evaluation and economic extraction of this type of mineralization would be needed. This is due to the characteristics of gold in alluvial systems, the particle sizing of the host sediment, and the low grades involved. Experience with placer deposits containing minerals other than gold may not necessarily provide appropriate relevant experience.

The key word 'relevant' also means that it is not always necessary for a person to have five years experience in each and every type of deposit in order to act as a Competent Person if that person has relevant experience in other deposit types. For example, a person with (say) 20 years experience in estimating Mineral Resources for a variety of metalliferous hard-rock deposit types may not require five years specific experience in (say) porphyry copper deposits in order to act as a Competent Person. Relevant experience in the other deposit types could count towards the required experience in relation to porphyry copper deposits.

In addition to experience in the style of mineralization, a Competent Person taking responsibility for the compilation of Exploration Results or Mineral Resource estimates should have sufficient experience in the sampling and analytical techniques relevant to the deposit under consideration to be aware of problems which could affect the reliability of data. Some appreciation of extraction and processing techniques applicable to that deposit type may also be important.

As a general guide, persons being called upon to act as Competent Persons should be clearly satisfied in their own minds that they could face their peers and demonstrate

competence in the commodity, type of deposit and situation under consideration. If doubt exists, the person should either seek opinions from appropriately experienced colleagues or should decline to act as a Competent Person.

Estimation of Mineral Resources may be a team effort (for example, involving one person or team collecting the data and another person or team preparing the estimate). Estimation of Ore Reserves is very commonly a team effort involving several technical disciplines. It is recommended that, where there is clear division of responsibility within a team, each Competent Person and his or her contribution should be identified, and responsibility accepted for that particular contribution. If only one Competent Person signs the Mineral Resource or Ore Reserve documentation, that person is responsible and accountable for the whole of the documentation under the Code. It is important in this situation that the Competent Person accepting overall responsibility for a Mineral Resource or Ore Reserve estimate and supporting documentation prepared in whole or in part by others, is satisfied that the work of the other contributors is acceptable.

Complaints made with respect to the professional work of a Competent Person will be dealt with under the disciplinary procedures of the professional organization to which the Competent Person belongs, and if necessary, elevated to the Professional Regulation Commission.

When a PSE listed company with overseas interests wishes to report overseas Exploration Results, Mineral Resource or Ore Reserve estimates prepared by a person who is not a member of PSEM, GSP, SMEP, or a ROPO, it is necessary for the company to nominate a Competent Person or Persons to take responsibility for the Exploration Results, Mineral Resource or Ore Reserve estimate. The Competent Person or Persons undertaking this activity should appreciate that they are accepting full responsibility for the estimate and supporting documentation under Stock Exchange listing rules and should not treat the procedure merely as a 'rubber-stamping' exercise.

IV. Reporting Terminology

11. Public Reports dealing with Exploration Results, Mineral Resources or Ore Reserves must only use the terms set out in Figure 1.

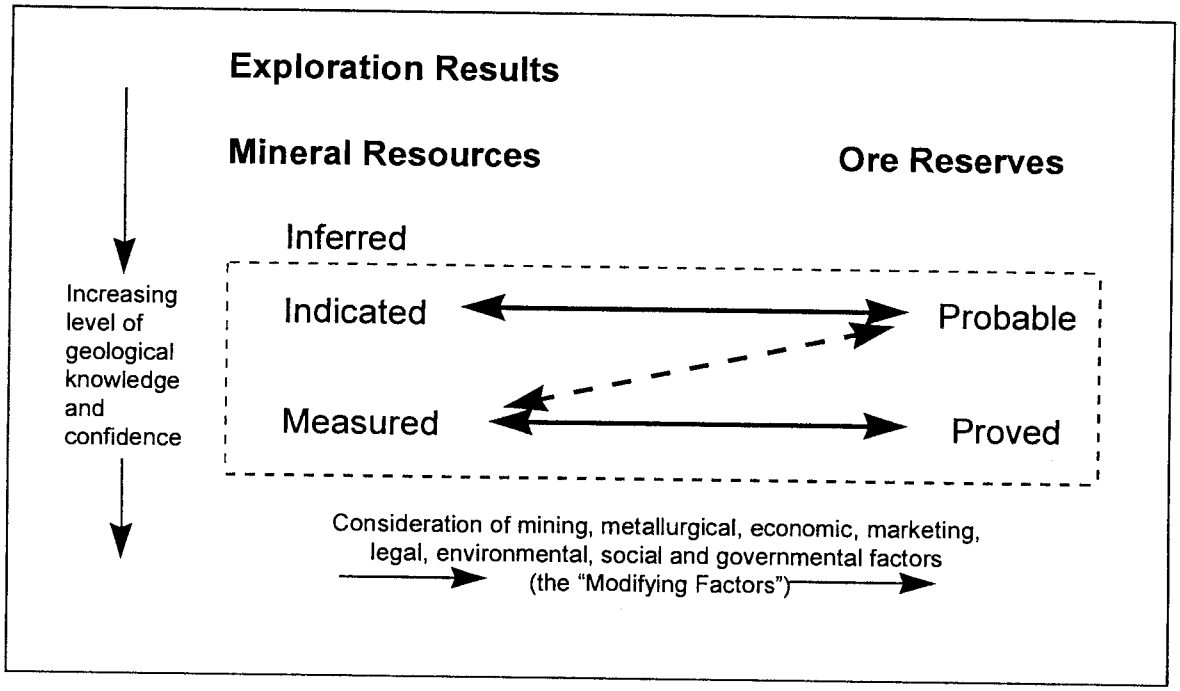
The term 'Modifying Factors' is defined to include mining, metallurgical, economic, marketing, legal, environmental, social and governmental considerations.

Figure 1 sets out the framework for classifying tonnage and grade estimates to reflect different levels of geological confidence and different degrees of technical and economic evaluation. Mineral Resources can be estimated mainly by a geologist on the basis of geoscientific information with some input from other disciplines. Ore Reserves, which are a modified sub-set of the Indicated and Measured Mineral Resources (shown within the dashed outline in Figure 1), require consideration of the Modifying Factors affecting extraction, and should in most instances be estimated with input from a range of disciplines.

Measured Mineral Resources may convert to either Proved Ore Reserves or Probable Ore Reserves. The Competent Person may convert Measured Mineral Resources to Probable Ore Reserves because of uncertainties associated with some or all of the Modifying Factors which are taken into account in the conversion from Mineral Resources to Ore Reserves. This relationship is shown by the broken arrow in Figure 1. Although the trend of the broken arrow includes a vertical component, it does not, in this instance, imply a reduction in the level of geological knowledge or confidence. In such a situation these Modifying Factors should be fully explained.

Refer also to the guidelines to Clause 31.

Figure 1. General relationship between Exploration Results, Mineral Resources and Ore Reserves



V. Reporting – General

12. Public Reports concerning a company's Exploration Results, Mineral Resources or Ore Reserves should include a description of the style and nature of the mineralization.

13. A company must disclose any relevant information concerning a mineral deposit that could materially influence the economic value of that deposit to the company. A company must promptly report any material changes in its Mineral Resources or Ore Reserves.

14. Companies must review and publicly report on their Mineral Resources and Ore Reserves at least annually.

15. Throughout the Code, if appropriate, 'quality' may be substituted for 'grade' and 'volume' may be substituted for 'tonnage'. (Refer to Appendix 1 – Table of Generic Terms and Equivalents).

VI. Reporting of Exploration Results

16. **Exploration Results include data, information and reports generated by exploration programmes that may be of use to investors and/or their financial advisers. The Exploration Results may or may not be part of a formal declaration of Mineral Resources or Ore Reserves.**

    The reporting of such information is common in the early stages of exploration when the quantity of data available is generally not sufficient to allow any reasonable estimates of Mineral Resources as to typical quality and quantity.

If a company reports Exploration Results in relation to mineralisation not classified as a Mineral Resource or an Ore Reserve, then estimates of tonnages and average grade must not be assigned to the mineralization unless the situation is covered by Clause 18, and then only in strict accordance with the requirements of that clause.

Examples of Exploration Results include results of outcrop sampling, assays of drill hole intercepts, geochemical results and geophysical survey results.

17. Public Reports of Exploration Results must contain sufficient information to allow a considered and balanced judgment of their significance. Reports must include relevant information such as exploration context, type and method of sampling, sampling intervals and methods, relevant sample locations, distribution, dimensions and relative location of all relevant assay data, data aggregation methods, mining rights plus information on any of the other criteria listed in Table 1 that are material to an assessment.

    Public Reports of Exploration Results must not be presented so as to unreasonably imply that potentially economic mineralization has been discovered.

    If true widths of mineralization are not reported, an appropriate qualification must be included in the Public Report.

    Where assay and analytical results are reported, they must be reported using one of the following methods, selected as the most appropriate by the Competent Person:

    - either by listing all results, along with sample intervals (or size, in the case of bulk samples), or
    - by reporting weighted average grades of mineralized zones, indicating clearly how the grades were calculated.

    Reporting of selected information such as isolated assays, isolated drill holes, assays of panned concentrates or supergene enriched soils or surface samples, without placing them in proper context, is unacceptable.

    Table 1 is a checklist and guideline to which those preparing reports on Exploration Results, Mineral Resources and Ore Reserves should refer. The checklist is not prescriptive and, as always, transparency, relevance and materiality are overriding principles which determine what information should be publicly reported.

18. It is recognized that it is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any such information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms Resource(s) or Reserve(s) must not be used in this context. Any statement referring to potential quantity and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

VII. Reporting of Mineral Resources

19. A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence, sampling and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Portions of a deposit that do not have reasonable prospects for eventual economic extraction must not be included in a Mineral Resource. If the judgment as to 'eventual economic extraction' relies on untested practices or assumptions, this is a material matter which must be disclosed in a Public Report.

The Mineral Resource clause and guidelines take precedence over those for the Inferred, Indicated and Measured categories, in that estimates must first satisfy the criteria required for definition as a Mineral Resource before consideration is given to the criteria applicable to each category of Mineral Resource.

The term 'Mineral Resource' covers mineralization, including dumps and tailings, which has been identified and estimated through exploration and sampling and within which Ore Reserves may be defined by the consideration and application of the Modifying Factors.

The term 'reasonable prospects for eventual economic extraction' implies a judgment (albeit preliminary) by the Competent Person with respect to the technical and economic factors likely to influence the prospect of economic extraction, including the approximate mining parameters. In other words, a Mineral Resource is not an inventory of all mineralization drilled or sampled, regardless of cut-off grade, likely mining dimensions, location or continuity. It is a realistic inventory of mineralization which, under assumed and justifiable technical and economic conditions, might, in whole or in part, become economically extractable.

Where considered appropriate by the Competent Person, Mineral Resource estimates may include material below the selected cut-off grade to ensure that the Mineral Resources comprise bodies of mineralization of adequate size and continuity to properly consider the most appropriate approach to mining. Documentation of Mineral Resource estimates should clearly identify any diluting material included, and Public Reports should include commentary on the matter if considered material.

Any material assumptions made in determining the 'reasonable prospects for eventual economic extraction' should be clearly stated in the Public Report.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron ore, bauxite and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However for the majority of gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

Any adjustment made to the data for the purpose of making the Mineral Resource estimate, for example by cutting or factoring grades, should be clearly stated and described in the Public Report.

Certain reports (eg: inventory coal reports, exploration reports to government and other similar reports not intended primarily for providing information for investment purposes) may require full disclosure of all mineralization, including some material that does not have reasonable prospects for eventual economic extraction. Such estimates of mineralization would not qualify as Mineral Resources or Ore Reserves in terms of the PMRC (refer also to the guidelines to Clauses 5 and 37).

20. An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource.

The Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data quantity and quality are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued and more detailed exploration and evaluation. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur.

Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves (see Figure 1).

Caution should be exercised if this category is considered in technical and economic studies.

21. **An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.**

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource.

Mineralization may be classified as an Indicated Mineral Resource when the nature, quality, amount and distribution of data are such as to allow confident interpretation of the geological framework and to assume continuity of mineralization.

Confidence in the estimate is sufficient to allow the application of technical and economic parameters, and to enable an evaluation of economic viability.

22. **A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.**

Mineralization may be classified as a Measured Mineral Resource when the nature, quality, amount and distribution of data are such as to leave no reasonable doubt, in the opinion of the Competent Person determining the Mineral Resource, that the tonnage and grade of the mineralization can be estimated to within close limits, and that any variation from the estimate would be unlikely to significantly affect potential economic viability.

This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Confidence in the estimate is sufficient to allow the application of technical and economic parameters and to enable an evaluation of economic viability that has a greater degree of certainty than an evaluation based on an Indicated Mineral Resource.

23. The choice of the appropriate category of Mineral Resource depends upon the quantity, distribution and quality of data available and the level of confidence that attaches to those data. The appropriate Mineral Resource category must be determined by a Competent Person or Persons.

    Mineral Resource classification is a matter for skilled judgment and Competent Persons should take into account those items in Table 1 which relate to confidence in Mineral Resource estimation.

    In deciding between Measured Mineral Resources and Indicated Mineral Resources, Competent Persons may find it useful to consider, in addition to the phrases in the two definitions relating to geological and grade continuity in Clauses 21 and 22, the phrase in the guideline to the definition for Measured Mineral Resources: '.... any variation from the estimate would be unlikely to significantly affect potential economic viability'.

    In deciding between Indicated Mineral Resources and Inferred Mineral Resources, Competent Persons may wish to take into account, in addition to the phrases in the two definitions in Clauses 20 and 21 relating to geological and grade continuity, the guideline in the definition for Indicated Mineral Resources: 'Confidence in the estimate is sufficient to allow the application of technical and economic parameters and to enable an evaluation of economic viability', which contrasts with the guideline in the definition for Inferred Mineral Resources: 'Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning.' and 'Caution should be exercised if this category is considered in technical and economic studies'.

    The Competent Person should take into consideration issues regarding the style of mineralization and cut-off grade when assessing geological and grade continuity.

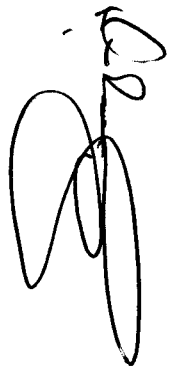
    Cut-off grades chosen for the estimation should be realistic in relation to the style of mineralization.

24. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. Reporting of tonnage and grade figures should reflect the relative uncertainty of the estimate by rounding off to appropriately significant figures and, in the case of Inferred Mineral Resources, by qualification with terms such as 'approximately'.

    In most situations, rounding to the second significant figure should be sufficient. For example 10,863,000 tonnes at 8.23 per cent should be stated as 11 million tonnes at 8.2 per cent. There will be occasions, however, where rounding to the first significant figure may be necessary in order to convey properly the uncertainties in estimation. This would usually be the case with Inferred Mineral Resources.

    To emphasize the imprecise nature of a Mineral Resource estimate, the final result should always be referred to as an estimate not a calculation.

    Competent Persons are encouraged, where appropriate, to discuss the relative accuracy and/or confidence of the Mineral Resource estimates. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnage or volume. Where a statement on the relative accuracy and/or confidence is not possible, a qualitative discussion of the uncertainties should be provided (refer to Table 1).



25. Public Reports of Mineral Resources must specify one or more of the categories of 'Inferred', 'Indicated' and 'Measured'. Categories must not be reported in a combined form unless details for the individual categories are also provided. Mineral Resources must not be reported in terms of contained metal or mineral content unless corresponding tonnages and grades are also presented. Mineral Resources must not be aggregated with Ore Reserves.

Public Reporting of tonnages and grades outside the categories covered by the Code is not permitted unless the situation is covered by Clause 18, and then only in strict accordance with the requirements of that clause.

Estimates of tonnage and grade outside of the categories covered by the Code may be useful for a company in its internal calculations and evaluation processes, but their inclusion in Public Reports could cause confusion.

26. Table 1 provides, in a summary form, a list of the main criteria which should be considered when preparing reports on Exploration Results, Mineral Resources and Ore Reserves. These criteria need not be discussed in a Public Report unless they materially affect estimation or classification of the Mineral Resources.

    Where Mineral Resources being reported are predominantly in the Inferred category, and significant proportions of the estimate are based on extrapolation beyond data points, the public report must describe the nature and degree of extrapolation. The report must also describe the reason for the assumed continuity, discuss sample type and sample spacing and other relevant items as listed in Table 1.

    It is not necessary, when publicly reporting, to comment on each item in Table 1, but it is essential to discuss any matters which might materially affect the reader's understanding or interpretation of the results or estimates being reported. This is particularly important where inadequate or uncertain data affect the reliability of, or confidence in, a statement of Exploration Results or an estimate of Mineral Resources or Ore Reserves; for example, poor sample recovery, poor repeatability of assay or laboratory results, limited information on bulk densities etc.

    If there is doubt about what should be reported, it is better to err on the side of providing too much information rather than too little.

    Uncertainties in any of the criteria listed in Table 1 that could lead to under- or over-statement of resources should be disclosed.

    Mineral Resource estimates are sometimes reported after adjustment from reconciliation with production data. Such an adjustment should be clearly stated in a Public Report of Mineral Resources and the nature of the adjustment or modification described including the basis of selecting the cut-off grades that were utilized.

27. The words 'ore' and 'reserves' must not be used in describing Mineral Resource estimates as the terms imply technical feasibility and economic viability and are only appropriate when all relevant Modifying Factors have been considered. Reports and statements should continue to refer to the appropriate category or categories of Mineral Resources (Inferred, Indicated, or Measured) until technical feasibility and economic viability have been established. If re-evaluation indicates that the Ore Reserves are no longer viable, the Ore Reserves must be reclassified as Mineral Resources or removed from Mineral Resource/Ore Reserve statements.

    It is not intended that re-classification from Ore Reserves to Mineral Resources or vice versa should be applied as a result of changes expected to be of a short term or temporary nature, or where company management has made a deliberate decision to operate on a non-economic basis. Examples of such situations might be commodity price fluctuations expected to be of short duration, mine emergency of a non-permanent nature, transport strike etc.

VIII. Reporting of Ore Reserves

28. **An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may**

occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. In the case of integrated mining operations, the pre-feasibility study will have determined an ore treatment plan that is technically and commercially viable and from which the mineral recovery factors are estimated. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

In reporting Ore Reserves, information on estimated mineral processing recovery factors is very important, and should always be included in Public Reports.

Ore Reserves are those portions of Mineral Resources which, after the application of the modifying factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a viable project.

Ore Reserves are reported as inclusive of marginally economic material and diluting material delivered for treatment or dispatched from the mine without treatment.

The term 'economically mineable' implies that extraction of the Ore Reserve has been demonstrated to be viable under reasonable financial assumptions. What constitutes the term 'realistically assumed' will vary with the type of deposit, the level of study that has been carried out and the financial criteria of the individual company. For this reason, there can be no fixed definition for the term 'economically mineable'.

In order to achieve the required level of confidence in the Modifying Factors, appropriate studies will have been carried out prior to determination of the Ore Reserves. The studies will have determined a mine plan that is technically achievable and economically viable and from which the Ore Reserves can be derived. It may not be necessary for these studies to be at the level of a final feasibility study.

The term 'Ore Reserve' need not necessarily signify that extraction facilities are in place or operative, or that all necessary approvals or sales contracts have been received. It does signify that there are reasonable expectations of such approvals or contracts. The Competent Person should consider the materiality of any unresolved matter that is dependent on a third party on which extraction is contingent.

If there is doubt about what should be reported, it is better to err on the side of providing too much information rather than too little.

Any adjustment made to the data for the purpose of making the Ore Reserve estimate, for example by cutting or factoring grades, should be clearly stated and described in the Public Report.

Where companies prefer to use the term 'Mineral Reserves' in their Public Reports, they should state clearly that this is being used with the same meaning as 'Ore Reserves', defined in this Code.

PMRC prefers the term 'Ore Reserve' because it assists in maintaining a clear distinction between a 'Mineral Resource' and an 'Ore Reserve'.

29. **A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments to a minimum of pre-feasibility study have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.**

A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

30. **A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments to a minimum of pre-feasibility study have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.**

    A Proved Ore Reserve represents the highest confidence category of reserve estimate. The style of mineralization or other factors could mean that Proved Ore Reserves are not achievable in some deposits.

31. The choice of the appropriate category of Ore Reserve is determined primarily by the relevant level of confidence in the Mineral Resource and after considering any uncertainties in the Modifying Factors. Allocation of the appropriate category must be made by a Competent Person or Persons.

    The Code provides for a direct two-way relationship between Indicated Mineral Resources and Probable Ore Reserves and between Measured Mineral Resources and Proved Ore Reserves. In other words, the level of geological confidence for Probable Ore Reserves is similar to that required for the determination of Indicated Mineral Resources, and the level of geological confidence for Proved Ore Reserves is similar to that required for the determination of Measured Mineral Resources.

    The Code also provides for a two-way relationship between Measured Mineral Resources and Probable Ore Reserves. This is to cover a situation where uncertainties associated with any of the Modifying Factors considered when converting Mineral Resources to Ore Reserves may result in there being a lower degree of confidence in the Ore Reserves than in the corresponding Mineral Resources. Such a conversion would not imply a reduction in the level of geological knowledge or confidence.

    A Probable Ore Reserve derived from a Measured Mineral Resource may be converted to a Proved Ore Reserve if the uncertainties in the Modifying Factors are removed. No amount of confidence in the Modifying Factors for conversion of a Mineral Resource to an Ore Reserve can override the upper level of confidence that exists in the Mineral Resource. Under no circumstances can an Indicated Mineral Resource be converted directly to a Proved Ore Reserve (see Figure 1).

    Application of the category of Proved Ore Reserve implies the highest degree of confidence in the estimate, with consequent expectations in the minds of the readers of the report. These expectations should be borne in mind when categorising a Mineral Resource as Measured.

    Refer also to the guidelines in Clause 23 regarding classification of Mineral Resources.

32. Ore Reserve estimates are not precise calculations. Reporting of tonnage and grade figures should reflect the relative uncertainty of the estimate by rounding off to appropriately significant figures. Refer also to Clause 24.

    To emphasise the imprecise nature of an Ore Reserve, the final result should always be referred to as an estimate not a calculation.

    Competent Persons are encouraged, where appropriate, to discuss the relative accuracy and/or confidence of the Ore Reserve estimates. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnage or volume. Where a statement of the relative accuracy and/or confidence is not possible, a qualitative discussion of the uncertainties should be provided (refer to Table 1).

33. Public Reports of Ore Reserves must specify one or other or both of the categories of 'Proved' and 'Probable.' Reports must not contain combined Proved and Probable Ore Reserve figures unless the relevant figures for each of the categories are also provided. Reports must not present metal or mineral content figures unless corresponding tonnage and grade figures are also given.

    Public Reporting of tonnage and grade outside the categories covered by the Code is not permitted unless the situation is covered by Clause 18, and then only in strict accordance with the requirements of that clause.

    Estimates of tonnage and grade outside of the categories covered by the Code may be useful for a company in its internal calculations and evaluation processes, but their inclusion in Public Reports could cause confusion.

    Ore Reserves may incorporate material (dilution) which is not part of the original Mineral Resource. It is essential that this fundamental difference between Mineral Resources and Ore Reserves is borne in mind and caution exercised if attempting to draw conclusions from a comparison of the two.

    When revised Ore Reserve and Mineral Resource statements are publicly reported they should be accompanied by reconciliation with previous statements. A detailed account of differences between the figures is not essential, but sufficient comment should be made to enable significant changes to be understood by the reader.

34. In situations where figures for both Mineral Resources and Ore Reserves are reported, a statement must be included in the report which clearly indicates whether the Mineral Resources are inclusive of, or additional to, the Ore Reserves.

    Ore Reserve estimates must not be aggregated with Mineral Resource estimates to report a single combined figure.

    In some situations there are reasons for reporting Mineral Resources inclusive of Ore Reserves and in other situations for reporting Mineral Resources additional to Ore Reserves. It must be made clear which form of reporting has been adopted. Appropriate forms of clarifying statements may be:

    'The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.'

    or

    'The Measured and Indicated Mineral Resources are additional to the Ore Reserves.'

    In the former case, if any Measured and Indicated Mineral Resources have not been modified to produce Ore Reserves for economic or other reasons, the relevant details of these unmodified Mineral Resources should be included in the report. This is to assist the reader of the report in making a judgment on the likelihood of the unmodified Measured and Indicated Mineral Resources eventually being converted to Ore Reserves.

    Inferred Mineral Resources are by definition always additional to Ore Reserves.

    For reasons stated in the guidelines to Clause 33 and in this paragraph, the reported Ore Reserve figures must not be aggregated with the reported Mineral Resource figures. The resulting total is misleading and is capable of being misunderstood or of being misused to give a false impression of a company's prospects.

35. Table 1 provides, in a summary form, a list of the criteria which should be considered when preparing reports on Exploration Results, Mineral Resources and Ore Reserves. These criteria need not be discussed in a Public Report unless they materially affect estimation or

classification of the Ore Reserves. Changes in economic or political factors alone may be the basis for significant changes in Ore Reserves and should be reported accordingly.

Ore Reserve estimates are sometimes reported after adjustment from reconciliation with production data. Such adjustments should be clearly stated in a Public Report of Ore Reserves and the nature of the adjustment or modification described.

IX. Reporting of Mineralized Fill, Remnants, Pillars, Low Grade Mineralization, Stockpiles, Dumps and Tailings

36. The Code applies to the reporting of all potentially economic mineralized material. This can include mineralized fill, remnants, pillars, low grade mineralization, stockpiles, dumps and tailings (remnant materials) where there are reasonable prospects for eventual economic extraction in the case of Mineral Resources, and where extraction is reasonably justifiable in the case of Ore Reserves. Unless otherwise stated, all other clauses of the Code (including Figure 1) apply.

Any mineralized material as described in this clause can be considered to be similar to in situ mineralization for the purposes of reporting Mineral Resources and Ore Reserves. Judgments about the mineability of such mineralized material should be made by professionals with relevant experience.

If there are no reasonable prospects for the eventual economic extraction of all or part of the mineralized material as described in this clause, then this material cannot be classified as either Mineral Resources or Ore Reserves. If some portion of the mineralized material is currently sub-economic, but there is a reasonable expectation that it will become economic, then this material may be classified as a Mineral Resource. If technical and economic studies to a minimum of a pre-feasibility study have demonstrated that economic extraction could reasonably be justified under realistically assumed conditions, then the material may be classified as an Ore Reserve.

The above guidelines apply equally to low grade in situ mineralization, sometimes referred to as 'mineralized waste' or 'marginal grade material', and often intended for stockpiling and treatment towards the end of mine life. For clarity of understanding, it is recommended that tonnage and grade estimates of such material be itemized separately in Public Reports, although they may be aggregated with total Mineral Resource and Ore Reserve figures.

Stockpiles are defined to include both surface and underground stockpiles, including broken ore in stopes, and can include ore currently in the ore storage system. Mineralized material in the course of being processed (including leaching), if reported, should be reported separately.

X. Reporting of Coal Resources and Reserves

37. Clauses 37 to 39 of the Code address matters that relate specifically to the Public Reporting of Coal Resources and Reserves. Unless otherwise stated, Clauses 1 to 36 of this Code (including Figure 1) apply. Table 1, as part of the guidelines, should be considered persuasive when reporting on Coal Resources and Reserves.

For purposes of Public Reporting, the requirements for coal are generally similar to those for other commodities with the replacement of terms such as 'mineral' by 'coal' and 'grade' by 'quality'.

Other industry guidelines on the estimation and reporting of coal resources and reserves may be useful but will under no circumstances override the provisions and intention of the Code for public reporting.

Because of its impact on planning and land use, governments may require estimates of inventory coal that are not constrained by short to medium term economic considerations. The PMRC does not cover such estimates. Refer also to the guidelines in Clauses 5 and 19.

38. The terms 'Mineral Resource(s)' and 'Ore Reserve(s)', and the subdivisions of these as defined above, apply also to coal reporting, but if preferred by the reporting company, the terms 'Coal Resource(s)' and 'Coal Reserve(s)' and the appropriate subdivisions may be substituted.

39. 'Marketable Coal Reserves', representing beneficiated or otherwise enhanced coal product where modifications due to mining, dilution and processing have been considered, may be publicly reported in conjunction with, but not instead of, reports of Ore (Coal) Reserves. The basis of the predicted yield to achieve Marketable Coal Reserves should be stated.

XI. Reporting of Industrial Minerals Exploration Results, Mineral Resources and Ore Reserves

40. Industrial minerals are covered by the PMRC if these meet the criteria set out in Clauses 5 and 6 of the Code. For the purpose of the PMRC, industrial minerals can be considered to cover commodities such as kaolin, phosphate, limestone, talc, etc.

When reporting information and estimates for industrial minerals, the key principles and purpose of the PMRC apply and should be borne in mind. Assays may not always be relevant, and other quality criteria may be more applicable. If criteria such as deleterious minerals or physical properties are of more relevance than the composition of the bulk mineral itself, then they should be reported accordingly.

The factors underpinning the estimation of Mineral Resources and Ore Reserves for industrial minerals are the same as those for other deposit types covered by the PMRC. It may be necessary, prior to the reporting of a Mineral Resource or Ore Reserve, to take particular account of certain key characteristics or qualities such as likely product specifications, proximity to markets and general product marketability.

For some industrial minerals, it is common practice to report the saleable product rather than the 'as-mined' product, which is traditionally regarded as the Ore Reserve. PMRC's preference is that, if the saleable product is reported, it should be in conjunction with, not instead of, reporting of the Ore Reserve. However, it is recognized that commercial sensitivities may not always permit this preferred style of reporting. It is important that, in all situations where the saleable product is reported, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

Some industrial mineral deposits may be capable of yielding products suitable for more than one application and/or specification. If considered material by the reporting company, such multiple products should be quantified either separately or as a percentage of the bulk deposit.

Table 1
Checklist of Assessment and Reporting Criteria

Table 1 is a checklist and guideline which those preparing reports on Exploration Results, Mineral Resources and Ore Reserves should use as a reference. The checklist is not prescriptive and, as always, relevance and materiality are overriding principles that determine what information should be publicly reported. It is, however, important to report any matters that might materially affect a reader's understanding or interpretation of the results or estimates being reported. This is particularly important where inadequate or uncertain data affect the reliability of, or confidence in, a statement of Exploration Results or an estimate of Mineral Resources or Ore Reserves.

The order and grouping of criteria in Table 1 reflects the normal systematic approach to exploration and evaluation. Criteria in the first group 'Sampling techniques and data' apply to all succeeding groups. In the remainder of the table, criteria listed in preceding groups would often apply to succeeding groups and should be considered when estimating and reporting.

Criteria	Explanation
Sampling techniques and data *(criteria in this group apply to all succeeding groups)*	
Sampling techniques.	▪ *Nature and quality of sampling (eg. cut channels, random chips etc.) and measures taken to ensure representative nature of samples.*
Drilling techniques.	▪ *Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*
Drill sample recovery.	▪ *Whether core and chip sample recoveries have been properly recorded and results assessed.* ▪ *Measures taken to maximize sample recovery and ensure representative nature of the samples.* ▪ *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*
Logging.	▪ *Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* ▪ *Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.*
Sub-sampling techniques and sample preparation.	▪ *If core, whether cut or sawn and whether quarter, half or all core taken.* ▪ *If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry.* ▪ *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* ▪ *Quality control procedures adopted for all sub-sampling stages to maximize representative nature of samples.* ▪ *Measures taken to ensure that the sampling is representative of the in situ material collected.* ▪ *Whether sample sizes are appropriate to the grain size of the material being sampled.*
Quality of assay data and laboratory tests	▪ *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* ▪ *Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.*
Verification of sampling and assaying	▪ *The verification of significant intersections by either independent or alternative company personnel.* ▪ *The use of twinned holes.*

Criteria	Explanation
Location of data points.	▪ *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* ▪ *Quality and adequacy of topographic control.*
Data spacing and distribution.	▪ *Data spacing for reporting of Exploration Results.* ▪ *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* ▪ *Whether sample compositing has been applied.*
Orientation of data in relation to geological structure.	▪ *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* ▪ *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*
Audits or reviews.	▪ *The results of any audits or reviews of sampling techniques and data.*
Reporting of Exploration Results *(criteria listed in the preceding group apply also to this group)*	
Mining Rights and land tenure status.	▪ *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, Indigenous Peoples interests, historical sites, protected areas and reservations.* ▪ *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*
Exploration done by other parties.	▪ *Acknowledgment and appraisal of exploration by other parties.*
Geology.	▪ *Deposit type, geological setting and style of mineralization.*
Data aggregation methods.	▪ *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated.* ▪ *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* ▪ *The assumptions used for any reporting of metal equivalent values should be clearly stated.*
Relationship between mineralization widths and intercept lengths.	▪ *These relationships are particularly important in the reporting of Exploration Results.* ▪ *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* ▪ *If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known').*
Diagrams.	▪ *Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.*
Balanced reporting.	▪ *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*
Other substantive exploration data.	▪ *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*
Further work.	▪ *The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).*

Estimation and Reporting of Mineral Resources *(criteria listed in the first group, and where relevant in the second group, apply also to this group)*	
Database integrity.	▪ *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* ▪ *Data validation procedures used.*
Geological interpretation.	▪ *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* ▪ *Nature of the data used and of any assumptions made.* ▪ *The effect, if any, of alternative interpretations on Mineral Resource estimation.* ▪ *The use of geology in guiding and controlling Mineral Resource estimation.* ▪ *The factors affecting continuity both of grade and geology.*
Dimensions.	▪ *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*
Estimation and modelling techniques.	▪ *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points and the nature and degree of extrapolation. Interpolation means estimation which is supported by surrounding sample data. Extrapolation means estimation which extends beyond the spatial limits of the sample data.* ▪ *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* ▪ *The assumptions made regarding recovery of by-products.* ▪ *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulfur for acid mine drainage characterisation).* ▪ *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* ▪ *Any assumptions behind modelling of selective mining units.* ▪ *Any assumptions about correlation between variables.* ▪ *The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.*
Moisture.	▪ *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*
Cut-off parameters.	▪ *The basis of the adopted cut-off grade(s) or quality parameters applied.*
Mining factors or assumptions.	▪ *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.*
Metallurgical factors or assumptions.	▪ *The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.*
Bulk density.	▪ *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*
Classification.	▪ *The basis for the classification of the Mineral Resources into varying confidence categories.* ▪ *Whether appropriate account has been taken of all relevant factors. i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.* ▪ *Whether the result appropriately reflects the Competent Person(s)' view of the deposit.*
Audits or reviews.	▪ *The results of any audits or reviews of Mineral Resource estimates.*

Criteria	Explanation
Discussion of relative accuracy/ confidence.	▪ *Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* ▪ *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* ▪ *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*
Estimation and Reporting of Ore Reserves *(criteria listed in the first group, and where relevant in other preceding groups, apply also to this group)*	
Mineral Resource estimate for conversion to Ore Reserves.	▪ *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* ▪ *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*
Study status.	▪ *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* ▪ *The Code does not require that a final feasibility study has been undertaken to convert Mineral Resources to Ore Reserves, but it does require that appropriate pre-feasibility studies will have been undertaken that will have determined a mine plan that is technically achievable and economically viable, and that all Modifying Factors have been considered.*
Cut-off parameters.	▪ *The basis of the cut-off grade(s) or quality parameters applied.*
Mining factors or assumptions.	▪ *The method and assumptions used to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* ▪ *The choice of, the nature and the appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* ▪ *The assumptions made regarding geotechnical parameters (eg. pit slopes, stope sizes, etc.), grade control and pre-production drilling.* ▪ *The major assumptions made and Mineral Resource model used for pit optimization (if appropriate).* ▪ *The mining dilution factors, mining recovery factors, and minimum mining widths used.* ▪ *The infrastructure requirements of the selected mining methods.*
Metallurgical factors or assumptions.	▪ *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* ▪ *Whether the metallurgical process is well-tested technology or novel in nature.* ▪ *The nature, amount and representativeness of metallurgical testwork undertaken and the metallurgical recovery factors applied.* ▪ *Any assumptions or allowances made for deleterious elements.* ▪ *The existence of any bulk sample or pilot scale testwork and the degree to which such samples are representative of the orebody as a whole.*
Cost and revenue factors.	▪ *The derivation of, or assumptions made, regarding projected capital and operating costs.* ▪ *The assumptions made regarding revenue including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, etc.* ▪ *The allowances made for royalties payable, both Government and private.*
Market assessment.	▪ *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* ▪ *A customer and competitor analysis along with the identification of likely market windows for the product.* ▪ *Price and volume forecasts and the basis for these forecasts.* ▪ *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*

Criteria	Explanation
Other.	▪ *The effect, if any, of natural risk, infrastructure, environmental, legal, marketing, social or govemmental factors on the likely viability of a project and/or on the estimation and classification of the Ore Reserves.* ▪ *The status of titles and approvals critical to the viability of the project, such as mining leases, discharge permits, govemment and statutory approvals.*
Classification.	▪ *The basis for the classification of the Ore Reserves into varying confidence categories.* ▪ *Whether the result appropriately reflects the Competent Person(s)' view of the deposit.* ▪ *The proportion of Probable Ore Reserves which have been derived from Measured Mineral Resources (if any).*
Audits or reviews	▪ *The results of any audits or reviews of Ore Reserve Estimates*
Discussion of relative accuracy/ confidence.	▪ *Where appropriate a statement of the relative accuracy and/or confidence in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* ▪ *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* ▪ *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*

Appendix 1

Generic Terms and Equivalents

Throughout the Code, certain words are used in a general sense when a more specific meaning might be attached to them by particular commodity groups within the industry. In order to avoid unnecessary duplication, a non-exclusive list of generic terms is tabulated below together with other terms that may be regarded as synonymous for the purposes of this document.

Generic Term	Synonyms and similar terms	Intended generalised meaning
Tonnage	*Quantity, Volume*	*An expression of the amount of material of interest irrespective of the units of measurement (which should be stated when figures are reported).*
Grade	*Quality, Assay, Analysis (Value)*	*Any physical or chemical measurement of the characteristics of the material of interest in samples or product. The units of measurement should be stated when figures are reported.*
Metallurgy	*Processing, Beneficiation, Preparation, Concentration*	*Physical and/or chemical separation of constituents of interest from a larger mass of material. Methods employed to prepare a final marketable product from material as mined. Examples include screening, flotation, magnetic separation, leaching, washing, roasting etc.*
Recovery	*Yield*	*The percentage of material of initial interest that is extracted during mining and/or processing. A measure of mining or processing efficiency.*
Mineralisation	*Type of deposit, orebody, style of mineralisation.*	*Any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralization might occur, whether by class of deposit, mode of occurrence, genesis or composition.*
Ore Reserves	*Mineral Reserves*	*'Ore Reserves' is preferred under the Code but 'Mineral Reserves' is in common use in other countries and is generally accepted. Other descriptors can be used to clarify the meaning e.g. coal reserves, kaolin reserves etc.*
Cut-off grade	*Product specifications*	*The lowest grade, or quality, of mineralized material that qualifies as economically mineable and available in a given deposit. May be defined on the basis of economic evaluation, or on physical or chemical attributes that define acceptable product specifications.*
Pre-feasibility		*A level of study where confidence in modifying factors ranges from 20% to 30% margin of error. It has a higher level of confidence than scoping study which requires only conceptual information but has a lower level of confidence than definitive feasibility study which is based on more detailed information.*

THE PHILIPPINE STOCK EXCHANGE, INC.

Francisco Ed. Lim
President and CEO

Roel A. Refran
VP and General Counsel

SECURITIES AND EXCHANGE COMMISSION

Vicente Graciano P. Felizmenio, Jr.
OIC, Market Regulation Department

MEMORANDUM No.2010-0501

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer Systems Update
_____	Membership Rules	_____	Administrative Matters
_____	Listing Rules	X	Others: **Philippine Mineral Reporting Code**

To : **THE INVESTING PUBLIC AND TRADING PARTICIPANTS**

Subject : **IMPLEMENTING RULES AND REGULATIONS OF THE PHILIPPINE MINERAL REPORTING CODE**

Date : **October 27, 2010**

Please be informed that in a letter dated October 21, 2010, the Securities and Exchange Commission provided the Exchange a copy of the approved Implementing Rules and Regulations ("IRR") of the Philippine Mineral Reporting Code.

Attached herewith is the official copy of the IRR and its annexes.

For your information and guidance.

VAL ANTONIO B. SUAREZ
President & CEO

FID/CSD	Market Regulation Division	Issuer Regulation Division	Information Technology Division	Capital Markets Dev't Division	Office of the General Counsel
Tel. No. 688-7561/688-7508	Tel. No. 688-7541	Tel. No. 688-7510	Tel. No. 688-7480	Tel. No. 688-7534	Tel. No. 688-7411

Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, East Greenhills, Mandaluyong City

MARKET REGULATION DEPARTMENT

October 21, 2010

PHILIPPINE STOCK EXCHANGE INC.
PSE Plaza
Ayala Triangle
Makati City
Fax: 891-4100

Attention: Atty. Joselito Banaag, General Counsel

Gentlemen:

Attached are two (2) copies of the approved ***PSE Implementing Rules and Regulations of the Philippine Mineral Reporting Code***, bearing the signatures of PSE representatives and countersigned by the Director, Market Regulation Department, SEC.

Very truly yours,

JOSE P. AQUINO
Director

THE PHILIPPINE STOCK EXCHANGE, INC.

IMPLEMENTING RULES AND REGULATIONS OF THE PHILIPPINE MINERAL REPORTING CODE

1.0 FOREWORD

The Philippine Mineral Reporting Code ("PMRC" or the "Code") dated July 1, 2007 sets minimum standards and guidelines for Public Reports of Exploration Results, Mineral Resources, Ore Reserves, and Metallurgical assessments and design related to mining in the Philippines. The Code is compatible with international standards. The formulation of the PMRC relied on the international codes from Australia, particularly the JORC Code (2004) of Australia, South Africa, European Union, Canada and the International Reporting Template (2006) by the Committee for Mineral Reserves International Reporting Standard (CRIRSCO).

The Implementing Rules and Regulations of the PMRC ("IRR") by The Philippine Stock Exchange, Inc. ("PSE" or the "Exchange") is based on the Code. Should the Code be amended, the PSE will update the IRR correspondingly.

The IRR provides listed mining and exploration companies and those applying to list in the Exchange with implementing guidelines and pro-forma outlines for complying with the reporting standards provided in the Code. The IRR aims to protect the investors by requiring full disclosure of material information, including economic viability of the property of the covered companies and prohibiting the disclosure of misleading information. The IRR adopts the PMRC principles of materiality, transparency and competence.

2.0 APPLICABILITY

The PMRC and its IRR shall apply to the following listed companies and those applying to list in the Exchange:

2.1. Companies whose primary purpose is to engage in mining, mineral development, or exploration activities;
2.2. Companies classified under the mining sector;
2.3. Companies who regularly engage in mining or exploration activities;
2.4. Companies with an equity or participating interest in companies or partnerships regularly engaged in mining or exploration activities, the value of which is at least ten percent (10%) of the book value of the listed company; or
2.5. Such other companies as may be determined by the Exchange to ensure full, fair and accurate disclosures of material information.

3.0 GLOSSARY OF TERMS AND ACRONYMS

3.1. **Accredited Professional Organizations (APOs)** refer to professional organizations in the mining, geosciences and metallurgical fields, accredited by the Professional Regulation Commission (PRC) consisting of the Geological Society of the Philippines (GSP), Philippine Society of Mining Engineers (PSEM), and Society of Metallurgical Engineers of the Philippines (SMEP).

3.2. **Beneficial Ownership of Securities** means any person considered as a "beneficial owner" under Securities Regulation Code (SRC) Rule 3 on the Definition of Terms Used in the Rules and Regulations.

3.3. **Competent Person (CP)** is a person who is a duly-licensed professional and is an active Member or Fellow of PSEM, GSP or SMEP, duly accredited as a CP by the professional organization to which he/she belongs, or of a Recognized Overseas Professional Organization (ROPO) included in a list promulgated as the need arises, subject to the professional laws supervised by the PRC. The accreditation of ROPOs is the responsibility of the APOs where reciprocal arrangements are considered. He/she must have a minimum of five (5) years experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which that person is undertaking.

3.4. **Cut-off Grade** is the lowest grade of a contained element or metal which will make its recovery from the Mineral Resource economic. The Cut-off Grade is calculated from realistically estimated relevant costs of its production, which includes mining, ore beneficiation, processing, management, environmental mitigation, social development, royalty, etc., and its reasonably assumed market price. It may also refer to the lower limit of grade values that delineate the mineralization or Mineral Resource.

3.5. **Data Validation** is a process of establishing integrity of verified data for use in the current assessment. It is essential that previous data intended to be used in the current Mineral Resource and/or Ore Reserves estimation are validated through a field check sampling program of a scale that would demonstrate that the data could be reliably used.

3.6. **Data Verification** is a process of confirming that the data used were generated with "best practice procedures", accurately transcribed from the reference and is suitable to be used. It is essential that original data are checked and that their integrity and credibility are demonstrated.

3.7. **Disclosure** is any, Public Report, structured or unstructured report submitted to the Exchange in accordance with the Revised Disclosure Rules. Disclosures include, but are not limited to, reports, announcements, notices, letters, press releases and such other documents containing material information.

3.8. **Exploration Results** are the data, information, interpretation, synthesis obtained from Mineral Exploration, or reports generated by exploration programmes that may be of use to investors and/or their financial advisers. The Exploration Results may or may not be part of a formal declaration of Mineral Resources or Ore Reserves.

3.9. **Feasibility Study** is a project study to determine the economic viability of mining a mineral deposit or group of deposits. The two stages of a Feasibility Study are:

3.9.1 **Pre-Feasibility Study (or Preliminary Feasibility Study)** is the assessment of the Indicated and/or Measured Mineral Resources to determine if it can be considered as an Ore Reserve that can be mined at a profit by taking into consideration relevant parameters such as: (a) realistically estimated costs of mining; ore beneficiation; other relevant engineering activities; management including legal, environmental and social matters to produce the desired element/mineral, and (b) taxes/fees as well as (c) its realistically assumed market price. The accuracy of the Pre-Feasibility study is ±30 percent.

3.9.2 **Final Feasibility Study** is the detailed assessment to ascertain the technical reliability and economic viability of a mining project covering the Ore Reserve verified by the Preliminary Feasibility Study to come up with a sound investment decision and realistic financing plan. The Final Feasibility Study mainly consists of detailed audit of all geological, engineering, and the other relevant parameters considered in the Preliminary Feasibility Study.

3.10. **Historical Estimate** refers to an estimate of Mineral Resources or Ore Reserves declared or reported prior to the PMRC on July 1, 2007.

3.11. **IRR** means the Implementing Rules and Regulations of the PMRC by the PSE.

3.12. **Issuer** is a company listed or applying to list in the PSE.

3.13. **Metal Equivalents** are used by companies to report polymetallic contents of mineral deposits outlined during exploration and converted in terms of a single equivalent grade of one major metal in the deposit.

3.14. **Mineral Exploration** means searching or prospecting for Mineral Resources by geological, geochemical and/or geophysical surveys, remote sensing, test pitting, trenching, drilling, subsurface sampling and other related means for the purpose of determining their existence, quantity and quality. The usual stages of Mineral Exploration are:

3.14.1 **Phase I. Prospecting and Preliminary Exploration** is an initial exploration activity. The main activities consist of rapid reconnaissance geologic mapping and widely spaced geochemical sampling of stream sediments, soils and rocks and remote sensing and airborne geophysical surveys, at times. The objectives are to locate surface and near-surface indications of mineralization and to obtain initial data on the general geology of the exploration area, characteristics of the minerals of interest and range of concentration of the contained elements.

3.14.2 **Phase II. Exploration** is follow-up work done after Prospecting and Preliminary Exploration (Phase I). The main activities consist of geologic mapping and geochemical sampling at widely spaced observation and sampling points, including ground geophysical survey in selected places,

as well as limited trenching/pitting and/or drilling. The objective is to verify the existence of significant mineralization and initially delineate the lateral extent and depth of the mineral deposit, as well as roughly estimate its quantity (tonnage) and quality (grade). The desired target is **Inferred Mineral Resource**.

3.14.3 **Phase III. Semi-detailed Exploration** is conducted to delineate the area and depth extent of the mineralization. The main activities consist of geologic mapping and geochemical sampling at closely spaced observation and sampling points, soil grid sampling, and closely spaced drilling in the delineated mineralized areas. Other specialized exploration techniques are also applied such as geophysics. The objective is to be able to estimate the volume, tonnage and grade with **reasonable level of confidence**. The desired target is **Indicated Mineral Resource**.

3.14.4 **Phase IV. Detailed Exploration** is conducted to delineate **with a high level of confidence** the volume, tonnage and grade of the mineral deposit. The main activities consist of detailed geologic mapping and geochemical sampling at closer spaced and adequate observation points, and additional extensive/intensive drilling in the highly mineralized areas. The desired target is **Measured Mineral Resource**.

3.15 **Mineral Resource** refers to the concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and sampling. Mineral Resources are subdivided in the order of increasing geological confidence, into Inferred, Indicated and Measured categories.

3.15.1 **Inferred Mineral Resource** is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. *(Section VII, Clause 20, PMRC)*

3.15.2 **Indicated Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. *(Section VII, Clause 21, PMRC)*

3.15.3 **Measured Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity. *(Section VII, Clause 22, PMRC)*

3.16 **Ore Reserve** is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments to a minimum of a Preliminary Feasibility Study have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. In the case of integrated mining operations, the Preliminary Feasibility Study will have determined an ore treatment plan that is technically and commercially viable and from which the mineral recovery factors are estimated. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in the order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. *(Section VIII, Clause 28, PMRC)*

3.16.1 **Probable Ore Reserve** is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments to a minimum of Preliminary Feasibility Study have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. *(Section VIII, Clause 29, PMRC)*

3.16.2 **Proved Ore Reserve** is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments to a minimum of Pre-Feasibility Study have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. *(Section VIII, Clause 30, PMRC)*

3.17 **Potential and Targets** are tonnage and grade statements, from Mineral Exploration data, that have not been geologically and/or physically delineated to be included in the resource categories of PMRC.

3.18 **Public Reports**[1] include, but are not limited to, company annual reports, quarterly reports and other reports to PSE, or as required by law. It also applies to other publicly released company information in the form of postings on company web sites and briefing to shareholders, stockbrokers and investment analysts.

3.19 **Technical Report** is a Public Report on Exploration Results, Mineral Resources or Ore Reserves, prepared by a CP or CPs and compliant with the PMRC.

4.0 DISCLOSURES

4.1 All Disclosures of geological, mining, metallurgical and related technical information made by the Issuer on the mineral project or property and material to the Issuer must be based upon the information prepared by or under the supervision of a PMRC-Competent Person(s). The following information must be submitted to the Exchange whenever a Disclosure is made:

4.1.1 The name, address and occupation/profession of the CP.

4.1.2 Validity of the CP accreditation – certificate issued by the APO, Valid CP Registration (APO).

4.1.3 The relationship of the CP to the Issuer (e.g. corporate position, consultant), and the number of shares (and/or options, warrants) that a CP beneficially owns, if any, in the Issuer's shares certified by the Issuer's Corporate Secretary.

4.1.4 The CP must also disclose other relationships with the Issuer, such as but not limited to:

a. being a holder of tenement rights which is the subject of the Disclosure
b. landlord-lessee relationship of land and/or infrastructure which has bearing on the Disclosure

4.1.5 The title and date of the Technical Report on which the Disclosure is based

4.1.6 Consent of the CP

a. The CP must provide his consent to the public filing of the Technical Report, and to extract from, or a summary of, the Technical Report in the written Disclosure being filed in the context that it was reported.
b. The CP should state that he has carefully reviewed the written Disclosure being filed, press releases and including management analysis; that it fairly and accurately represents the information

[1] PMRC Section 5

embodied in the Technical Report; and that at the time of the report, to the best of the CP's knowledge, all technical information that is required to make the report not misleading has been included.

4.2 Disclosures should include Data Verification and Data Validation. The following information must be included:

4.2.1 A statement whether a CP has verified and validated the data disclosed which includes any, but not limited to, the following:
a. sampling data
b. sample handling
c. analytical data
d. quality assurance and quality control data
e. opinions supporting the technical information in the Disclosure

4.2.2 Description of how the data was verified and any limitations on the verification process.

4.2.3 Explanation of any failure to verify the data.

4.3 Disclosure of Exploration Results, Mineral Resources and Ore Reserves

4.3.1 Exploration Results

a. Disclosure of exploration results should be reported by a CP Geologist.
b. Disclosures of geological, mining and related technical information in writing on exploration results material to the Issuer must include the information that are based on the checklist on Sampling Techniques and Data, and Reporting Exploration Results in Table 1 of the PMRC.

4.3.2 Mineral Resources and Ore Reserves

a. Disclosures of Mineral Resources should be reported on by a CP Geologist.
b. Disclosures of Ore Reserves should be reported on by a CP Mining Engineer.
c. Disclosures on metallurgy which is part of the Feasibility Study of a mineral project should be reported on by a CP Metallurgical Engineer.
d. The Issuer should report Mineral Resources and Ore Reserves separately. The Issuer shall report which Mineral Resource and Ore Reserve categories are included in the total Mineral Resources and Ore Reserves disclosed.
e. The Issuer must not include Inferred Mineral Resources in the other categories of Mineral Resources in disclosing total Mineral Resource for the Pre-Feasibility Study or Final Feasibility Study. Inferred Mineral Resources may be included in the list of resources but should be labeled as such.

f. Each category of the Mineral Resources and Ore Reserves disclosed must be reported with the corresponding tonnage and grade.
g. The Cut-off Grades used for estimating Mineral Resources and Ore Reserves must be disclosed.
h. A Pre-Feasibility or Final Feasibility Study is required in declaring Ore Reserves.
i. Disclosures of geological, mining, metallurgical and related technical information in writing on Mineral Resources and Ore Reserves material to the Issuer must include the information that are compliant to the checklist on Estimation and Reporting of Mineral Resources, and, Estimation and Reporting Ore Reserves in Table 1 of the PMRC.

4.3.3 "Potential" or "Target" is an indication of the presence of a mineral deposit not suitable to be classified as part of the Mineral Resources disclosed. The Issuer must disclose that the potential grade and quantity of the resource is non-PMRC compliant as it is conceptual in nature and that there has been insufficient exploration to define Mineral Resources. The Issuer should disclose that it is uncertain if further exploration will result in the delineation of the deposit as a Mineral Resource. The Issuer must state the basis on which the disclosed potential quantity and grade has been determined.

4.4 Prohibited Disclosures

4.4.1 If tonnage, grade or quality of a mineral or contained metal of a deposit is not categorized according to the PMRC Mineral Resources and Ore Reserve categories

4.4.2 Economic studies that includes Inferred Mineral Resources

4.4.3 Historical Estimate which is not adequately subjected to Data Verification and Data Validation. Such Historical Estimate should not be used in current Mineral Resource or Ore Reserve estimates. However, the Issuer may disclose Historical Estimate:

a. as part of previous work done in the property,
b. if the source and date of the Historical Estimate are identified,
c. if comments on the relevance, integrity and reliability of the Historical Estimate are provided, and
d. if Issuer states the Mineral Resources and Ore Reserve categories originally used and if they are different from the PMRC categories

4.4.4 Disclosures of economic value of Mineral Resources and Ore Reserves without a Feasibility Study

4.4.5 Disclosures of Mineral Resources, Ore Reserves and economic value at a Cut-off Grade of zero

4.4.6 Unqualified "Metal Equivalents" Disclosures. However, Metal Equivalents may be disclosed provided the following are included in the Disclosure:

a. The assay of each metal is included in the Metal Equivalent disclosure
b. The assumed commodity prices used in arriving at the Metal Equivalent grade
c. The assumed mining and metallurgical recoveries for all metals and their bases
d. A clear statement that all the elements included in the Metal Equivalent grade calculation have a reasonable potential to be recovered
e. The calculation formula for arriving at the Metal Equivalent grade

5.0 TECHNICAL REPORT

5.1 Events requiring a Technical Report:

5.1.1 Exploration Companies

a. Application for initial listing in the Exchange
b. Any capital-raising activity conducted in the Exchange, such as Initial Public Offering, Follow-on Offering and Stock Rights Offering
c. When reporting Mineral Resources and/or Ore Reserves for the first time
d. When there is a 100 percent increase or 50 percent drop in the Mineral Resources (Indicated and/or Measured) and/or Ore Reserves of the Issuer.

5.1.2 Companies at Development Stage

a. Application for initial listing in the Exchange
b. Any capital-raising activity conducted in the Exchange, such as Initial Public Offering, Follow-on Offering and Stock Rights Offering
c. When reporting Mineral Resources and/or Ore Reserves for the first time
d. Submission of a Final Feasibility Study

5.1.3 Operating Mines

a. Application for initial listing in the Exchange
b. Any capital-raising activity conducted in the Exchange, such as Initial Public Offering, Follow-on Offering and Stock Rights Offering
c. When reporting Mineral Resources and/or Ore Reserves for the first time
d. When there is a 100 percent increase or 50 percent drop in the Mineral Resources and/or Ore Reserves of the Issuer from the most recent Technical Report prepared by a CP.

5.2 General requirements for Technical Report

5.2.1 It should follow the report outline format as detailed in Annex I and II of this IRR.

5.2.2 It must be prepared in accordance with the PMRC and this IRR.

5.2.3 It must be prepared or supervised by a CP/s who is/are accredited by the relevant APO: GSP, PSEM or SMEP.

5.2.4 The CP(s) shall assume full responsibility for the Technical Report he/she/they has/have prepared or prepared under his/her/their supervision.

5.3 Author of a Technical Report

5.3.1 The Technical Report must be prepared by or under the supervision of one or more CPs.

5.3.2 Basic qualifications of a CP:

a. PRC-licensed professional (geologist, mining engineer or metallurgical engineer)
b. Member of good standing of his/her respective professional society (GSP, PSEM or SMEP)
c. Has relevant experience of at least five (5) years on the type of mineralization and technical scope being considered[2]
d. Duly accredited as a CP by the proper professional society (GSP, PSEM or SMEP)
e. Validity of the PRC license, membership with the APOs, and CP accreditation must be current/updated

5.3.3 If a specialist professional who is not a CP is engaged to cover certain facets of the preparation of the report, the supervising CP should take responsibility for the work of the said professional.

5.3.4 The Technical Report must be signed by each of the CPs. The date of the Technical Report must be stated.

5.3.5 The Technical Report must be prepared by the CP-in-charge or under his/her direct supervision as follows:

a. Exploration Results and/or Mineral Resources should be prepared by a CP Geologist;
b. Ore Reserves should be prepared by a CP Mining Engineer;
c. Data on metallurgy should be prepared by a CP Metallurgist.

[2] PMRC Section 10

5.4 Preparation of a Technical Report

5.4.1 A Technical Report must be prepared on the basis of all available data relevant and material to the Disclosure that it supports.

5.4.2 Before an Issuer files a Technical Report, the Issuer must have the CP, or a professional under the CP's supervision, complete a current inspection of the property that is the subject of the Technical Report.

5.4.3 The Issuer must diligently keep records of verifiable data such as assay and other analytical certificates, drill core splits, sample rejects, drill core logs and other information referenced in the Technical Report or used as a basis for the Technical Report.

5.5 Certificates and consents of CPs for Technical Reports

5.5.1 When filing a Technical Report, the Issuer must file certificates of each CP responsible for preparing or supervising the preparation of the Technical Report, and must be signed and dated by the CP(s).

5.5.2 The CP should prepare a certificate which must state the following:

a. Name, address and occupation of the CP
b. CP accreditation must be valid at the time of certification is filed.
c. Title and date of the Technical Report to which the certificate applies
d. That at the time of the report, to the best of the CPs knowledge, all technical information that is required to make the report not misleading has been included
e. Which part of the report was prepared by each CP
f. The relationship of the CP to the Issuer and the CP must declare any Beneficial Ownership of Securities, if any, in the Issuer

5.5.3 When filing a Technical Report with the Exchange, the Issuer must file a statement indicating the scope of work of each of the CPs responsible for preparing or supervising the preparation of each portion of the Technical Report, dated and signed by the CP(s).

5.5.4 The CP must provide his consent to the public filing of the Technical Report, extracts there from, or a summary of, the Technical Report in the written Disclosure being filed and in the context that it was reported.

5.5.5 The CP should state that he has carefully reviewed the written Disclosure being filed and that it fairly and accurately represents the information embodied in the Technical Report the CP has prepared or supervised that supports the Disclosure.

5.6 Technical Report format

5.6.1 The Technical Report provides a summary of geological, mining and related technical information on Mineral Exploration, development and

production activities on a mineral property that is material to the Issuer. TR–FORM 1 to 3, in ANNEX II set out specific guidelines for the preparation and contents of the Technical Reports.

5.6.2 The CP preparing the Technical Report should follow the headings listed in TR–FORM 1 to 3, in ANNEX II and may create sub-headings, if required. If unique or infrequently used technical terms are required, clear and concise explanations must be included. Headings and subheadings that are not applicable may be omitted.

5.6.3 No Disclosure need be given in respect of inapplicable items and, unless otherwise required by the TR-Forms, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.

6.0 PENALTIES

The penalties under the Revised Disclosure Rules shall apply to violations of the PMRC and the IRR.

THE PHILIPPINE STOCK EXCHANGE, INC.

VAL ANTONIO B. SUAREZ
President & CEO

JOSELITO V. BANAAG
General Counsel and
OIC, Issuer Regulation Division

SECURITIES AND EXCHANGE COMMISSION

JOSE P. AQUINO
Director
Market Regulation Department

ANNEX I

Philippine Mineral Reporting Code

A copy of the Philippine Mineral Reporting Code is available for downloading at the PSE website (www.pse.com.ph).

ANNEX II

GUIDELINES IN THE PREPARATION OF TECHNICAL REPORTS

These guidelines are intended to provide the form and content of the Technical Report required by PSE to comply with the PMRC. It is also a checklist of topics considered important in the assessment of exploration and mining projects. Some topics may not be relevant to the type of deposit being considered. Likewise there may also be topics or features of the project that may be relevant and should be included and which is not listed here. It is the responsibility of the CP or CPs to decide on the relevant topics to be included. The aim is to provide a concise and accurate account of the project. TR-Form 01 provides the format for exploration and/or Mineral Resources reports, TR-Form 2, for economic assessment and Ore Reserve estimation, and TR-Form 03, for metallurgical engineering study and assessment on a mineral deposit.

TR-FORM 01	**OUTLINE OF TECHNICAL REPORT FOR EXPLORATION RESULTS AND MINERAL RESOURCES**
TR-FORM 02	**OUTLINE OF REPORT FOR ORE RESERVE ESTIMATION AND FESEABILITY STUDY**
TR-FORM 03	**OUTLINE OF REPORT FOR A METALLURGICAL ENGINEERING STUDY AND ASSESSMENT ON A MINERAL DEPOSIT**

TR-FORM 01

OUTLINE OF TECHNICAL REPORT FOR EXPLORATION RESULTS AND MINERAL RESOURCES

1.0 TITLE PAGE

1.1 Title of the Report
1.2 Include Location of the Project and Mining Rights Coverage (in the title)
1.3 Include Location of Project (in the title)
1.4 Name and professional designation of each of the CPs
1.5 Effective date of the Report

2.0 CERTIFICATES AND CONSENTS OF CPs FOR TECHNICAL REPORTS

2.1 Certificates and Consents of CPs for Technical Reports
2.2 Scope of Work of each CP involved
2.3 Reliance on Other Experts indicating therein objective, nature and coverage
2.4 Signatures of CP

3.0 EXECUTIVE SUMMARY

4.0 TABLE OF CONTENTS

4.1 Listing of the contents of the report
4.2 Listing of Figures and Tables
4.3 Listing of photographs if applicable
4.4 Listing of attachments or appendices

5.0 INTRODUCTION

5.1 Who commissioned the report preparation and to whom it should be submitted
5.2 Purpose for which the report was prepared
5.2 Scope of Work or Terms of Reference
5.3 Duration of the preparation, including field visits and verification
5.4 Members of the Technical Report preparation team
5.5 Host company representative
5.6 Compliance of report with PMRC

6.0 RELIANCE ON OTHER EXPERTS OR CPs

6.1 If a CP relied on the report, opinion, statement of a legal or another expert, who is not a CP on matters pertaining to the mineral project, the CP may include a disclaimer of responsibility on such information incorporated in the Technical Report.

7.0 TENEMENT AND MINERAL RIGHTS

7.1 Description of mineral rights

- 7.1.1 Location of area, Barangay, Municipality, Province
- 7.1.2 Coordinate locations as per MGB
- 7.1.3 Number of claims and hectares covered by EP/MPSA/FTAA mode of agreement
- 7.1.4 Type of permit or agreement with government

7.2 History of mineral rights
7.3 Current owners of mineral rights
7.4 Validity of current mineral rights (state date of validity of rights at the date of reporting)
7.5 Agreements with respect to mineral rights.
7.6 In order to make clear the net revenue that may be derived from the project, include the following:

- 7.6.1 Royalties, taxes, advances and similar payments paid or to be paid by the company to the mineral rights holder, joint venture partner(s), government, indigenous people, local government, and others
- 7.6.2 Receivables and payable sums to the company and mineral rights holder.

8.0 GEOGRAPHIC FEATURES

8.1 Location and accessibility
8.2 Topography, physiography, drainage and vegetation
8.3 Climate, population
8.4 Land Use
8.5 Socio Economic Environment
8.6 Environmental features

9.0 PREVIOUS WORK

9.1 History of previous work
9.2 Briefly describe essential work done by previous workers
9.3 Conclusions of each of the previous workers

10.0 HISTORY OF PRODUCTION

10.1 Production history of district and area, if any
10.2 Which areas were mined within the subject tenement area
10.3 General description of mining, ore beneficiation, concentrate, mineral product market
10.4 Tonnage mined and sold

11.0 REGIONAL AND DISTRICT GEOLOGY

11.1 Regional Geologic Setting

11.2 Stratigraphy
11.3 Structural Geology
11.4 Mineralization location(s) and general description
11.5 Historical Geology

12.0 MINERAL PROPERTY GEOLOGY

12.1 Geological work undertaken by the company in the property, to include scale of mapping and laboratory tests undertaken for the samples
12.2 Rock types and their geological relationships
12.3 Description of various geological structures and their trends

13.0 MINERALIZATION IN THE MINERAL PROPERTY

13.1 Overview of the mineralization (as per reference reports)
13.2 Type of mineralization as mapped
13.3 Style of mineralization
13.4 Wall rock alteration, paragenesis
13.5 Geological structures
13.6 Localization of the deposit
13.7 Length, width, depth of mineralization
13.8 Element grade levels and patterns
13.9 Development of "ore shoots"
13.10 Continuity of mineralization

14.0 EXPLORATION

14.1 Geological work (by Issuer)

- 14.1.1 Geological data generated from mapping and surface sampling
- 14.1.2 Geological map and sections
- 14.1.3 Sample location map

14.2 Surface sampling (Refer to PMRC Table 1)

- 14.2.1 Outcrop sampling (grab or measured)
- 14.2.2 Trench sampling (measured vertical, horizontal, etc)
- 14.2.3 Test pit sampling (measured vertical, horizontal, etc)

14.3 Drilling and sampling (Refer to PMRC Table 1)

- 14.3.1 Describe type of drilling program (DDH, RC drilling, auger, etc)
- 14.3.2 Drill site spacing, depth of drilling
- 14.3.3 Describe Core logging, (lithological, core recovery, specific gravity, geotechnical, etc)
- 14.3.4 Drill sample method and interval (regular interval or composite)
- 14.3.5 Drill core photographs

14.4 Exploration Geochemistry (by Issuer or previous work)

14.4.1 Describe geochemical survey type: drainage, soil, rock, vegetation, bogs, etc.
14.4.2 Describe sampling and analytical methods employed
14.4.3 Define background, threshold and anomaly levels for the elements determined
14.4.4 Apply synthesis and interpretive techniques (for single and multi element) to bring out significant geochemical features related to mineralization.
14.4.5 Describe geochemical anomalies detected
14.4.6 Relate geochemical findings to geology and mineralization.

14.5 Applied Geophysics (by Issuer or previous work)

14.5.1 Describe geophysical method used and objective of the survey
14.5.2 Describe the whether a geophysical contractor, independent consultant or an in-house staff was engaged in the conduct of the geophysical survey
14.5.3 Describe equipment used, its limitations and the survey parameters adopted
14.5.4 Describe how it was carried out (design of stations with respect to mineralization trends).
14.5.5 Describe interpretive tools used
14.5.6 Discuss essential results with respect to the objective

14.6 Sample Preparation, Analyses and Security

14.6.1 Security and Chain of Custody of Samples
14.6.2 Preparation and assay facility (in-house, contracted or commercial)
14.6.3 Sample preparation (description)
14.6.4 Analytical methods used (describe types of methods employed and effective grade range)
14.6.5 Quality Assurance /Quality Control of sample preparation and analysis (demonstrate with data, the precision and accuracy of analytical determinations from internal and external control standards, and check assays)
14.6.6 Statement of the CP on the quality of sample security, preparation and analysis

15.0 MINERAL RESOURCES ESTIMATE

15.1 Mineral Resource Database used in the estimation of resources
15.2 Integrity of exploration and Mineral Resources database
15.3 Data Verification and Validation (limitations)
15.4 Cut-off Grades used in the estimations
15.5 Mineral Resource estimation method used

15.6 Mineral Resource categories used (PMRC/JORC)
15.6 Mineral Resources estimates

16.0 INTERPRETATION AND CONCLUSIONS

16.1 Synthesis of all the data
16.2 Discuss the adequacy of data, overall data integrity and areas of uncertainty.
16.3 Overall conclusions by the CP
16.4 The CP must discuss whether the completed project met the objectives set forth.

17.0 RECOMMENDATIONS

17.1 Based on the Summary and Conclusions, a series of recommendations are made to guide management on the course of action to take. Be it positive or negative, the CP should ascertain that there is adequate reason for such recommendations.

18.0 REFERENCES

18.1 List of references used, whether published or unpublished

19.0 APPENDICES

19.1 List of tables
19.2 List of figures
19.3 List of photographs
19.4 Relevant Database used
19.5 Other relevant data

TR-FORM 2

OUTLINE OF REPORT FOR ECONOMIC ASSESSMENT AND ORE RESERVE ESTIMATION

1.0 TITLE PAGE

- 1.1 Title of the Report
- 1.2 Include Location of Project (in the title)
- 1.3 Name and professional designation of each of the CPs
- 1.4 Effective date of the Report

2.0 CERTIFICATES AND CONSENTS OF CPs FOR TECHNICAL REPORTS

3.0 EXECUTIVE SUMMARY

4.0 TABLE OF CONTENTS

5.0 INTRODUCTION

6.0 RELIANCE ON OTHER EXPERTS OR CPs

7.0 TENEMENT AND MINERAL RIGHTS

8.0 GEOGRAPHIC FEATURES

9.0 PREVIOUS WORK

10.0 HISTORY OF PRODUCTION

11.0 REGIONAL AND DISTRICT GEOLOGY[1]

12.0 MINERAL PROPERTY GEOLOGY

13.0 MINERALIZATION

14.0 EXPLORATION

15.0 QA/QC OF DATA USED

16.0 DECLARED MINERAL RESOURCES

17.0 ECONOMIC ASSESSMENT OF THE MINING PROJECT

[1] Sections 11 to 16 will be obtained/copied from a CP Geologist Report that will be attached in the Appendix of the CP Mining Engineer's Report.

17.1 Description of Mineral Resources estimates used as basis for conversion to Ore Reserves[2]
17.2 Type and Level of Feasibility Study
17.3 Brief Description of the Project

17.3.1 Planned mining and processing operations
17.3.2 Mining Method and capacity
17.3.3 Processing Method and capacity
17.3.4 Ore to be Mined / Product to be produced
17.3.5 Prospective Markets or Buyers
17.3.6 Estimated Mine Life
17.3.7 Total Project Cost/Financing
17.3.8 Production Cost / Production Schedule

17.4 Marketing Aspects

17.4.1 World Supply and Demand Situation
17.4.2 Prospective Markets or Buyers
17.4.3 Product Specifications
17.4.4 Price and Volume Forecasts
17.4.5 Sales Contract

17.5 Technical Aspects

17.5.1 Mining Plans

a. Mining method
b. Mine Design/Mining Parameters/Geotechnical Parameters
c. Mining Recovery, Dilution and Losses
d. Planned Capacity/Production Schedule/Estimated Life of mine
e. Working Schedule
f. List of Mining Equipment and Auxiliary Machinery/Mine Infrastructure
g. Mine Development Plans and Schedule

17.5.2 Processing Plans[3]

a. Metallurgical Test Works Results
b. Metallurgical Process Flowsheet/Process Plant Design
c. Materials Balance
d. Plant Capacity/Production Schedule
e. Plant Working Schedule
f. Product Specification

[2] A report on the Mineral Resource prepared by a CP Geologist used in the estimation of Ore Reserves.

[3] Metallurgical aspects of the Feasibility Studies should be undertaken by a CP Metallurgical Engineer. The relevant report will be integrated in the CP Mining Engineer's Report and also attached in the Appendix.

g. Tailings Specification
h. Tailings Dam Siting
i. List of Mill Machineries and Auxiliary Equipment
j. Mill Plant Layout

17.5.3 Mine Support Services

a. Power Source / Power Generation Plant
b. Mechanical Shop
c. Assay Laboratory
d. Industrial Water Supply
e. Availability of Alternative Sources of Mine Support Services

17.5.4 Environmental Protection and Management Plan

a. Environmental Impacts
b. Environmental Mitigating Measures
c. Environmental Infrastructures
d. Mine Closure Plan

17.5.5 Mine Safety and Health Plan

17.6 Financial Aspects

17.6.1 Total Project Cost Estimates and Assumptions

a. Engineering Study Cost
b. Exploration/Development Cost
c. Pre-Operating Overhead
d. Capital Equipment and Machinery
e. Allied Mine Facilities and Infrastructures
f. Environmental Equipment and Facilities
g. Interest During Construction
h. Working Capital
i. Contingencies

17.6.2 List of Capital Equipment and Works
17.6.3 Financial Plans/Sources of Funds
17.6.4 Production Cost Estimates and Assumptions

a. Mining Cost
b. Milling Cost
c. Marketing Cost
d. Mine Overhead Cost
e. Environmental Cost
f. Community Development Cost
g. Excise Tax
h. Head Office Overhead Cost
i. Royalty, if any

17.6.5 Government Financial Incentives, if any

a. BOI
b. PEZA

17.6.6 Basis of Revenue Calculation

a. Metallurgical Recovery
b. Selling Price
c. Exchange Rate
d. Smelters/Freight/Treatment Charges
e. Bonuses and Penalties
f. Percentage of LME Price Payable

17.6.7 Pro-forma Financial Statements

a. Balance Sheet
b. Profit and Loss
c. Cash Flow

17.6.8 Financial Analyses

a. Break Even Analysis
b. Sensitivity Analyses
c. Profitability Analyses (ROI, IRR, NPV, Payback Period)

17.7 Economic Aspects

17.7.1 Employment/management

a. Number, Nationality, Position and Annual Payroll
b. List of Key Personnel and their Qualification
c. Personnel Policies re Pay Scale
d. Table of Organization
e. Availability of Technical and Skilled Labor
f. Township/Housing

17.7.2 Community Development Plan
17.7.3 Socio-economic Contributions

17.8 Project Schedule

17.8.1 EPCM Contract
17.8.2 Construction Schedule

18.0 ORE RESERVES ESTIMATES

18.1 Database Used
18.2 Integrity of Database
18.3 Data Verification and Validation (limitations)

18.4 Ore Reserve Estimation Method Used
18.5 Ore Reserve Estimations

18.5.1 Ore Specific Gravity / Density
18.5.2 Mining Plans / Mining Recovery / Dilution Factor / Mining Losses
18.5.3 Relevant Production Costs considered
18.5.4 Basis of Revenue Calculation
18.5.5 Cut-off Grade Determination

18.6 Ore Reserve Classification Used
18.7 Ore Reserves Estimates

19.0 INTERPRETATION AND CONCLUSIONS

19.1 Synthesis of all the data
19.2 Discuss the adequacy of data, overall data integrity and areas of uncertainty.
19.3 Overall conclusions by the CP
19.4 The CP must discuss whether the completed project met the objectives set forth.

20.0 RECOMMENDATIONS

20.1 Based on the Summary and Conclusions, a series of recommendations are made to guide management on the course of action to take. Be it positive or negative, there must be adequate reason for such recommendations.

21.0 REFERENCES

21.1 List of references used, whether published or unpublished

TR-FORM 3

OUTLINE OF REPORT FOR A METALLURGICAL ENGINEERING STUDY AND ASSESSMENT ON A MINERAL DEPOSIT

This Annex provides the guidelines and template for the form and content of the Technical Report for metallurgical engineering studies and assessments conducted on mineral deposits during its mining life cycle, e.g., from discovery, exploration, assessment, mine and mill design, development, production and, through to its closure. The report prepared following this guideline is intended primarily to support the reporting of Exploration Results, Mineral Resources, and Ore Reserves as stipulated under the PMRC. The template, however, may also be used for stand-alone reports or for parts of more extensive studies like a conceptual study, a Preliminary Feasibility Study, or, a Final Feasibility Study for a mine project. Depending on the type/stage of the study, the report template may be adopted in whole or bullet points may be added or deleted as maybe necessary and applicable.

The preparation of the report following this guideline shall be undertaken by a CP accredited under the PMRC. In cases where the preparation of the report requires the involvement of other experts, who are either CPs or not, the preparation of the said report shall always be under the supervision of a CP. Reports following this guideline and signed off by an expert and licensed metallurgical engineers other than by an appropriate CP may not be used for the purposes of the PMRC.

1.0 TITLE PAGE

- 1.1 Title of the Report
- 1.2 Date and Revision Number of the Report
- 1.3 Official Issuance List of the Report

2.0 ROLES AND RESPONSIBILITIES

3.0 CERTIFICATES AND CONSENTS OF CPS FOR TECHNICAL REPORTS

- 3.1 Certificates and Consents of CPs for Technical Reports
- 3.2 Scope of Work of each CP involved
- 3.3 Reliance on Other Experts indicating therein objective, nature and coverage
- 3.4 Signatures of CP

4.0 TABLE OF CONTENTS

- 4.1 Listing of the contents of the report
- 4.2 Listing of Figures and Tables
- 4.3 Listing of Attachments, Appendices, exhibits, photographs, etc.

5.0 EXECUTIVE SUMMARY

Indicate the salient point of the study and assessment and the major results, conclusions and recommendations included therein.

6.0 INTRODUCTION

This section provides treatment of the following:

- 6.1 Who commissioned the report preparation and to whom it should be submitted
- 6.2 Purpose for which the report is prepared
- 6.3 Scope of Work or Terms of Reference
- 6.4 Duration of the Preparation, including field visits and verification
- 6.5 Members of the Technical Report preparation team
- 6.6 Host company representatives
- 6.7 Compliance of the report with the PMRC
- 6.8 Deliverables of the project

7.0 PROJECT LOCATION AND LOCAL INFRASTRUCTURES

This section provides a general description of the location, geography and site characteristics of the mineral property and/or the project location and other infrastructures thereon which may impact on the eventual flow sheet development. Such characteristics may include terrain, rainfall, and presence of water sources, among others. Reference should be made to works of CP-Geologist/CP-Mining.

8.0 CURRENT PROJECT STATUS OR STATE OF DEVELOPMENT

This section defines the current state of the development of the mineral property. The statements in this section may be generalized and is important that exploration and Mineral Resources report and/or Ore Reserve reports prepared by a CP Geologist/CP Mining from which the statements are derived should be cited.

- 8.1 Mining Rights and Project Approvals
- 8.2 Geology and Mineral Resources
- 8.3 Mining and Ore Reserves

9.0 MINERAL PROCESSING AND METALLURGICAL TEST WORKS

- 9.1 Introduction
- 9.2 Sampling and Sample Collection Program

  This shall include discussions on the origin of samples, type and nature of samples at every stage, samples collection procedures, protection of the samples from elements and natural aging of samples.

- 9.3 Mineralogical Characterization Studies

Studies of Minerals present, degrees of liberation and interlocking, extent of dissemination, size distribution of economic minerals and amount of alteration that may impact on amenability to treatment and recovery

9.4 Mineral and Metallurgical Test Program and Procedures

This section comprises descriptions of the test programs and references to procedures performed on the ore samples to obtain the desired test results as provided below.

9.5 Metallurgical Test Results and the Determination of Recoveries, Product Specifications, and Flow Process

Test results including those from the successful and unsuccessful tests may be included as the latter may be as meaningful as some of the good ones. The results of tests should be described and summary of those used as basis for the estimations of Mineral Resources as may be applicable in each of the categories under PMRC should be provided.

9.6 Development of Process Response Models

After completion of the testing program, models should be developed to predict ore response to different operating conditions like feed grade-recovery relationship, grind-recovery, and concentrate quality–ore type. These models will be useful for mine planning, production forecasting and financial modeling purposes.

10.0 SELECTION OF PROCESS ROUTES AND TECHNOLOGIES

10.1 Design Bases and Assumptions

Depending on the stage of the mining life cycle, the design of the metallurgical treatment of the mineral resource may be significantly based on technical assumptions and not on the results of actual tests performed on the ore samples. As the mining life progresses, the design bases should become more firm and accuracy of designs should improve. These design bases and assumptions should be explicitly stated in this section of the report.

10.2 Proposed Flow-sheets and Process Routes

Alternative flow sheets and process routes studied should be described providing thereof as much details as practicable.

10.3 Material and Energy Balance

This section should provide material and energy balances for each of the major process routes being considered for the treatment and processing of the ore resource.

11.0 PROCESS PLANT DESIGN, COST ESTIMATES AND IMPLEMENTATION SCHEDULE

This section describes the process routes being considered, the final design bases, plant layout, equipment listing, product and by-product specifications, the CAPEX and OPEX, the required infrastructures, among others. This section should be consistent with the overall mine life cycle including the actual mine design and development, among others.

11.1 Key Design Parameters
11.2 Plant Capacity and Production Schedule
11.3 Plant Layout and Operations Description
11.4 Product and by-product specifications
11.5 List of Capital Equipment and Works
11.6 Plant Infrastructures

This section describes the required infrastructures needed to support the continued and successful mill operations as proposed.

11.7 Capital Cost Estimates

The accuracy of the estimates should be consistent with the stage of the study and should be stated thereon.

11.8 Operating Cost Estimates

The operating cost estimates largely depend on the stage of the project and the tests conducted on the Mineral Resource.

11.9 Specifications, Standards and Codes

The CP shall specify the standards used in the report in reference to metallurgical engineering, materials, equipment, test procedures, environment, among others. The standards used may be Philippine or international, such as those of the United States, Australia, Canada, World Bank and ISO standards

12.0 OTHER PROJECT ELEMENT CONSIDERATIONS

Other important components and elements of the study not within the scope of the metallurgical study should be referred to in this section including, among others, environmental protection and management plan, social development plan, etc. and should be treated, together with the rest of the elements in a total systems approach. Other elements of the study should include water and water quality management plan and air quality management plan – this may be grouped in environmental protection but it should be specified explicitly as these two areas are very contentious issues.

13.0 PROJECT FINANCIAL PROJECTIONS AND ECONOMIC ANALYSIS

The economic and financial analysis of the project should be treated in this section whether it is part of the bigger mine and mill development study or a stand-alone study for the mill project.

14.0 CONCLUSIONS AND RECOMMENDATIONS

This should include a brief summary of the practical results of the study which will significantly impact on the overall mine and mill development project.

15.0 APPENDICES AND ANNEXES

This section should comprise the detailed test results, related information, more detailed treatment that those presented above.

MEMO FOR BROKERS NO. 220-2005

The Philippine Stock Exchange, Inc.

____	Disclosures	____	Stockholders' Meeting	Others:	Interpretation of
____	Dividend Notice	____	SEC / Gov't Issuance		Listing Rules
____	Stock Rights Notice	____	Transfer Agent's Notice		

Date : **September 8, 2005**
Subject : **Interpretation of the Listing Rules for Mining Companies**

Please be informed that in the meeting of the Board of Directors of the Exchange held on August 10, 2005, the Board approved the attached interpretation of the Listing Rules for processing the IPO application of mining companies.

For your information and guidance.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice-President

ANNEX "A"

INTERPRETATION OF LISTING RULES FOR MINING COMPANIES

POLICY FRAMEWORK

The government's policy agenda, as contained in the Mineral Action Plan ("MAP") for the National Policy Agenda On Revitalizing Mining In The Philippines (Executive Order No. 270), is to revitalize the mining industry with the cooperation and support of all government agencies and private institutions.

One of the issues raised in the MAP is the restricted opportunity for mining exploration companies to be listed in the Exchange. The action plan of the Government to address the said concern is to liberalize listing of mining exploration companies in the Exchange. The lead institutions to address this issue are the SEC and the PSE.

The Exchange is cognizant of the high potentials of the mining industry. Thus, we are supportive of the government's thrust to develop the mining sector, particularly in helping mining companies to obtain capital through public offerings. At the same time, we recognize the paramount need to protect the investing public, noting the highly risky and speculative nature of mining operations. Consequently, the Exchange, pursuant to the disclosure-based policy under the SRC, shall ensure the full, fair, timely and accurate disclosure of all material information from mining companies listed in the Exchange

INTERPRETATION OF LISTING RULES FOR MINING COMPANIES

The Exchange adopts a liberal interpretation of the Listing Rules, specifically on the matter of compliance with the Operating History and Track Record requirements by an applicant mining company.

A mining company applying to list in the Exchange shall still comply with the Suitability Rule and the General Requirements for Initial Listing under the Revised Listing Rules of the Exchange.

Applicant-mining companies whose current activities consist solely of exploration and who may not meet the **Operating History and Track Record** requirement under the Admission for Listing may submit the following documentary requirements which shall be deemed **compliance** with the Operating History and Track Record requirement of the Exchange:

DOCUMENTARY REQUIREMENTS FOR MINING COMPANIES
1. **Certification from Mines and Geosciences Bureau ("MGB")** – The application for listing shall be supported by a certification from the MGB attesting that its mineral claims or rights as of the date of application are still valid; that they are being developed in accordance with the approved Work Program; and that the applicant has been complying

DOCUMENTARY REQUIREMENTS FOR MINING COMPANIES
with the reporting requirements of the MGB.
2. **Geological Report on Mineral Resource and Reserve** – An applicant company must submit a report containing information regarding its mineral resource and/or reserve prepared and signed by a Competent Person, **jointly validated by the MGB Director or his duly appointed representative and a Philippine Professional Regulations Commission ("PRC") Accredited Professional Organization.** For purposes of this requirement, a Competent Person is a duly licensed Geologist and/or Mining Engineer duly accredited by a Professional Organization and the MGB as possessing the necessary competence in estimating mineral resources and reserve or the type of deposit being considered. If mineral resources and reserves are measured using foreign Mineral Resource and Reserves Standards the said report shall, at all times, be submitted to the MGB and the Accredited Professional Organization for validation prior to submission to the Exchange.
3. Certified true copies of Exploration Permits, Mineral Agreements (Mineral Production-Sharing Agreement, Joint Venture Agreement, or Co-Production Agreement), Financial or Technical Assistance Agreement (FTAA) and Mining Project Feasibility, whichever is applicable.
4. A Mines and Geosciences Bureau - approved Exploration/Construction/Utilization Work Program duly prepared and signed by a licensed Mining Engineer, Geologist or Metallurgical Engineer, whichever is applicable.
5. **Quality of Management and Technical Competence of Applicant** - Proof of quality of management and of technical competence shall be submitted by the applicant showing, among others, the bio-data of the key management and technical personnel to undertake the activities indicating their professional experience in the field.
6. **Working Capital and Financial Resources**- Proof of adequate working capital to carry on the approved work program, and appropriateness of capital structure.

MEMORANDUM

LA - No. - No. 2011-0032

The Philippine Stock Exchange, Inc.

_____	Disclosures	_____	Stockholders' Meeting	Others:	Listing and
_____	Dividend Notice	_____	SEC / Gov't Issuance		Disclosure
_____	Stock Rights Notice	_____	Transfer Agent's Notice		Requirements

To : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

Subject : **SUPPLEMENTAL LISTING AND DISCLOSURE REQUIREMENTS FOR PETROLEUM AND RENEWABLE ENERGY COMPANIES**

Date : **September 1, 2011**

Please be informed that in a letter dated August 12, 2011, the Securities and Exchange Commission (the "Commission") advised the Exchange that the **Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies** (the "Supplemental Requirements") was approved by the Commission on August 11, 2011. We attach as Annex "A" a copy of the Supplemental Requirements duly signed by the authorized representatives of the Exchange and the Commission.

The Supplemental Requirements will take effect on **September 8, 2011**.

MARSHA M. RESURRECCION
Head, Issuer Regulation Division

Noted by:

JOSELITO V. BANAAG
General Counsel

		aric			gac
Controllership / HR-Admin	Market Regulatory Division	Issuer Regulation Division	Technology/Market Operations	Capital Markets Dev't Division	CEO / OGC
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City
Market Regulation Department

24 August 2011

PHILIPPINE STOCK EXCHANGE INC.
PSE Plaza
Ayala Avenue
Makati City
Fax: 891-9004

Attention: Mr. Hans B. Sicat, President

Gentlemen:

Attached are **two (2) copies** of the approved PSE Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies, bearing the signatures of PSE representatives and countersigned by the Director, Market Regulation Department, SEC.

Please immediately post the rules in your website.

Very truly yours,

JOSE P. AQUINO
Director

SUPPLEMENTAL LISTING AND DISCLOSURE REQUIREMENTS FOR PETROLEUM AND RENEWABLE ENERGY ("RE") COMPANIES

I. SCOPE

The applicant company must, at a minimum, demonstrate to the Exchange that:

1. The applicant Petroleum or RE company should either be an Operator or a Co-Venturer (for definition, a Co-Venturer is a company that holds adequate interest in a Service Contract having the same rights and obligations with all of the other co-venturers) of a valid and subsisting Service/Operating Contract duly approved and awarded by the Department of Energy (the "Department").

2. The applicant Petroleum or RE company should submit to the perusal of the Exchange the requirements set forth in the Checklist of Documentary Requirements for Petroleum and RE Companies in addition to the regular documentary requirements of the Exchange covering an Initial Public Offering or a Listing by Way of Introduction, whichever the case may be, under the Second Board Listing Rules of the Exchange.

   Holding companies invoking the operational track record of its subsidiaries generating pre-tax profits from petroleum and RE operations in compliance with Article III Part D (First Board Listing) Section 1 of the Revised Listing Rules should likewise submit to the perusal of the Exchange the requirements set forth in the Checklist of Documentary Requirements for Petroleum and RE Companies in addition to the regular documentary requirements of the Exchange covering an Initial Public Offering or a Listing by Way of Introduction, whichever the case may be, under the First Board Listing Rules of the Exchange.

3. The applicant Petroleum or RE company should prove that it has the right to participate actively in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which gives it sufficient influence in decisions over the exploration for and/or extraction of natural resources.

In general, Petroleum and RE companies intending to apply its securities for listing in the Exchange should comply with the general listing requirements stipulated in the Second Board Listing Rules of the Exchange together with the Supplemental Listing and Disclosure Requirements applicable to Petroleum and RE companies. Further,

applicant Petroleum or RE companies who fail to meet the operating history requirement under the Second Board Listing Rules (Article III Part E – Second Board Listing) of the Revised Listing Rules shall be deemed compliant with the aforesaid requirement upon the applicant's compliance with the supplemental requirements for Petroleum or RE companies set forth in the succeeding section. The supplemental documentary requirements for Petroleum and RE companies shall also be applicable to listed companies which will undertake capital-raising activities through the Exchange, such as, but not limited to, follow-on offerings or stock rights offerings.

Further, existing listed companies and companies that will apply for initial listing with the Exchange under these Rules shall comply with the supplemental disclosure requirements specified in the Supplemental Disclosure Guidelines and Requirements for Petroleum and Renewable Energy Companies.

Furthermore, it should be understood that coal resources, albeit under the jurisdiction of the same bureau of the Department that oversees the prospective resources of petroleum and RE of the Philippines, should be excluded from the interpretation of the Listing Rules of the Exchange and the Supplemental Listing and Disclosure requirements for Petroleum and RE companies. The Exchange has the Philippine Mineral Reporting Code ("PMRC") in place which already sets the guidelines for the interpretation of the Exchange's rules governing mining companies, which includes coal resources. Hence, these rules shall only apply to the companies in the business of the exploration and development of Petroleum and RE assets.

In the course of the evaluation by the Exchange and the Securities and Exchange Commission (the "Commission") of the listing and registration applications of Petroleum and RE companies, the Exchange and the Commission may hold joint meetings with the Department and/or jointly endorse to the Department major issues concerning the Petroleum or RE assets of the applicant companies.

Finally, the submission by the applicant company of a Pre-effective Clearance issued by the Commission on the registration of the securities being applied for listing with the Exchange shall be construed as a clearance and confirmation by the Commission that all additional documentary and reportorial requirements governing the registration of Petroleum and RE companies have been submitted and cleared by the Commission.

II. SUPPLEMENTAL DOCUMENTARY REQUIREMENTS FOR PETROLEUM AND RENEWABLE ENERGY COMPANIES FOR INITIAL LISTING WITH THE EXCHANGE

Applicant companies shall submit the additional documentary requirements enumerated in the table below in addition to the regular documentary requirements applicable to an Initial Public Offering or a Listing by Way of Introduction, whichever is applicable, which shall be deemed compliance with the Operating History requirement under the Second Board Listing Rules of the Exchange. Applicant companies must comply with all other listing requirements under the Second Board Listing Rules of the Exchange. Listed companies undertaking a Subsequent Public Offering or a Stock Rights Offering should likewise submit to the Exchange the additional documentary requirements set forth in the table below in addition to the regular documentary requirements applicable to the listing application.

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies
1. **Service Contract** – To be eligible for listing, the applicant company should provide the Exchange a certified true copy of the valid and subsisting Service Contract duly awarded by the Department of Energy (the "DOE") to the consortium where the applicant company belongs to. The applicant company should be able to demonstrate to the Exchange that it has the right to actively participate in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which give the applicant company sufficient influence in decisions over the exploration for and/or extraction of natural resources. When applicable, as confirmed by the DOE, the Operator of the Petroleum Service Contract or the RE Developer of an RE Service Contract shall secure permits, clearances or certificates such as, but not limited to, Environmental Compliance Certificate (ECC), Certificate of Non-Coverage (CNC), Water Rights Permit, Free and Prior Informed Consent (FPIC), Certificate of Non-Overlap, Local Government Unit (LGU) endorsement and all other regulatory requirements from other government agencies which are applicable to the petroleum or RE operations.
2. **Service Contract Supporting Documents** <u>Petroleum Companies:</u> A copy of the complete filing of the Operator with the DOE, stamped received by the DOE, for the consortium's application for a Service Contract as provided in

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies
DOE Department Circular No. DC2009-04-0004, or as may be amended or updated by the DOE. The documents shall contain the latest available valid information on the Service Contract being applied for. The applicant company should demonstrate that it has, together with the consortium's Operator if the applicant is a co-venturer, sufficiently complied with the legal, technical, financial and economic requirements of the DOE. The applicant company shall likewise submit copies of all agreements executed, together with other co-venturers, with the Operator of the Service Contract. For reference, attached as Appendix I is a copy of the DOE Department Circular No. DC2009-04-0004. Any amendment thereto shall be considered an integral part of this checklist. <u>RE Companies:</u> A copy of the RE Proposal of the RE Applicant/Developer filed with the DOE, stamped received by the DOE, covering its application for an RE Service/Operating Contract as provided in DOE Department Circular No. DC2009-07-0011, or as may be amended or updated by the DOE. The applicant company must submit the complete set of documents required by the DOE for the application of an RE Contract under a particular contracting round covering the exploration, development and increase the utilization of RE such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy resources, and including hybrid systems. Such application shall cover both the pre-development and development stages either for power or non-power applications, including the transition of the existing service contracts and agreements on the exploration, development or utilization of RE assets with the DOE/Government to RE Contracts, and the issuance of DOE Certificate of Registration for RE Developers. For reference, attached as Appendix II is a copy of the DOE Department Circular No. DC2009-07-0011. Any amendment thereto shall be considered an integral part of this checklist.
3. **Certificate from the Department of Energy** – The application for listing shall be supported by a Certification issued by the DOE attesting that (i) the applicant company's Service Contracts are valid, subsisting and are being developed in accordance with the currently approved Work Program; and (ii) the applicant is in good standing with the DOE. This Certification must not be more than three (3)

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies

months old from the date of filing of the listing application.

4. Technical Report

Petroleum Companies:

A report, prepared by a competent person or firm, containing relevant and specific information on the estimated potential or prospective resource and/or reserve potential covering the service contract area(s) prepared in accordance with the applicable standard for reporting petroleum assets. At a minimum, the applicant company must demonstrate to the Exchange that it has at least a portfolio of petroleum assets covered by its valid and existing Service Contracts approved by the DOE.

The technical report prepared by a competent person or firm covering petroleum assets under a valid and subsisting Service Contract must comply with a reporting standard acceptable to the DOE.

Further, in cases where the applicant company holds substantial interests in petroleum assets located in foreign jurisdictions aside from its petroleum assets covered by existing Service Contracts with the DOE, the applicant company shall submit to the Exchange a report on the petroleum resources and/or reserves prepared in accordance with the Petroleum Resource Management System (PRMS) promulgated by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE), or any other reporting standard acceptable to the Exchange from time to time. The applicant company shall likewise submit a letter of consent issued by the competent and authorized person or body who prepared the report to the publication of the report.

Valuations on the Petroleum and RE assets should likewise comply with globally accepted applicable standards, that are acceptable to the DOE, such as, but not limited to:

(1) the Society of Petroleum Engineers-Petroleum Resources Management System (SPE-PRMS) – the most widely used international reporting standard for the classification of petroleum assets;
(2) the VALMIN Code – the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, as prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Geoscientists and the Mineral Industry Consultants Association as amended from time to time; or

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies
(3) any other code, reporting standard or format accepted by the DOE and the Exchange from time to time. RE Companies: The RE Applicant must submit a Technical Report prepared by a competent person or firm in accordance with the format acceptable to or prescribed by the DOE. RE assets located in foreign jurisdictions should likewise comply with globally acceptable reporting standards with prior clearance and approval by the Exchange. For both Petroleum and RE Companies: The technical reports on petroleum assets covered by Service Contracts must be supported by a (i) certified true copy of the DOE certification that the report complies with the reporting standards acceptable to the DOE; and (ii) written duly-authorized and signed consent of the applicant company and the competent and authorized person or firm who prepared the report to the publication of the report. The summary and relevant sections of the report must be incorporated in the applicant company's Prospectus and, if necessary, in the Statement of Active Business Pursuits and Objectives.
5. If the applicant company is a party to a joint venture, the applicant shall submit the following documents: a. A copy of the Joint Venture Agreement; b. A certified true copy of the certification from the DOE that the entities that form part of the joint venture have complied with the applicable requirements of the DOE; and c. Any company, acting singly or forming part of a joint venture, that is organized in a foreign country shall submit the required documents, issued by the appropriate governing body and duly authenticated by the Philippine Consulate in the country where it is registered or where it operates.
6. Commitment to the Service Contract – The applicant company shall submit an undertaking to the Exchange that it shall maintain its participation in the Service Contract/s where the proceeds from the capital raising activity conducted through the Exchange will be allocated, for so long as such proceeds are not yet fully disbursed on the petroleum or RE project specified in the applicant company's public disclosures.

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies
7. Escrow of Funds and Monitoring of Use of Funds – All of the funds to be raised by the applicant company shall be held under escrow. The Escrow Agent shall not release any portion of the funds for any purpose other than the disclosed intended use of proceeds and in accordance with the timetable of expenditure. Moreover, to ensure transparency in the use of proceeds, the applicant company shall submit a duly signed and notarized Corporate Secretary's Certificate stating that the applicant company shall disclose via the Exchange's Online Disclosure System ("ODiSy") any disbursements made in connection with the planned use of proceeds. Any reallocation on the use of proceeds as approved by the applicant company's board of directors, stockholders (when applicable) and the DOE should be disclosed via ODiSy. The applicant company shall submit quarterly and annual progress reports duly certified by its Chief Financial Officer or Treasurer to the Exchange via ODiSy. The periodic reports must be supported by an external auditor's certification on the accuracy of the information reported by the applicant company. Should the Work Program disclosed in the prospectus be amended as approved by the DOE, the applicant company shall immediately disclose via ODiSy such amendments and the appropriate revisions to the allocation of funds generated through the capital raising activity conducted through the Exchange. Also, the applicant company must formally inform its stockholders, through the ODiSy, at least thirty (30) days prior to the implementation of any amendments to the disclosed Use of Proceeds schedule. *Note: In no case shall an applicant company be allowed to raise funds from the public solely to satisfy the minimum financial requirements of the DOE to bid for a service contract. The funds must be used to support funding requirements under the work program of the applicant company's existing service contract(s) described under requirement no. 1 of these supplemental requirements. The funds may also be partially used to support funding requirements to bid for or acquire subsequent service contracts.*
8. DOE-certified report on the corporate backgrounds of all the member-companies of the consortium covering the areas covered by the Service Contract/s. Such information should include details on, among others, the complete list of the members of the member-company's Board of Directors and their respective profiles, the capital and ownership structure, and the profile of the major shareholders of each member-company. In cases where the applicant company is restricted from obtaining any of the required information regarding the member-companies of the consortium, the applicant company must inform the Exchange in writing regarding such restriction. The Exchange shall then directly obtain the information from the DOE.

Listing Applications – Additional Documentary Requirements for Petroleum and RE Companies
For consortiums formed to explore and develop Petroleum and RE assets located in foreign jurisdictions, the applicant company should likewise submit a report on the corporate backgrounds of all the member-companies of the consortium. Such information should include details on, among others, the complete list of the members of the member-company's Board of Directors and their respective profiles, the capital and ownership structure, and the profile of the major shareholders of each member-company.
9. All requirements listed herein which refer to (i) written official acts and/or public records of official acts of a foreign authority or public officer, (ii) private documents, such as but not limited to certifications, which have been executed and acknowledged before a foreign notary public and/or officially kept as a public record in a foreign country are required to be authenticated by the Philippine Embassy or consul located in the place of execution or custody of said document.
10. Other documents which may be required by the Exchange, including but not limited to updates on previous documents submitted and copies of material contracts which were not previously submitted to the Exchange.

III. SUPPLEMENTAL DISCLOSURE GUIDELINES AND REQUIREMENTS FOR PETROLEUM AND RENEWABLE ENERGY COMPANIES

The additional disclosure requirements set forth in the table below shall be applicable to the following listed companies of the Exchange:

1. Companies whose primary purpose is to engage in the exploration and development of Petroleum and/or RE assets;
2. Companies who regularly engage in Petroleum and/or RE exploration activities;
3. Companies with an equity or participating interest in companies or partnerships regularly engaged in Petroleum and/or RE exploration activities, the value of which is at least ten percent (10%) of the book value of the listed company; or
4. Such other companies as may be deemed by the Exchange to ensure full, fair and accurate disclosures of material information.

Continuing Listing Requirements – Additional Requirements for Petroleum and RE Companies
A. Additional Structured Reports
1. Annual Verification: Companies are required to submit a Certification from the DOE that their Service Contracts are still valid and subsisting and that they have no pending violations with the DOE. Should the company have any outstanding obligation or pending violation with the DOE, the said DOE Certification must be supported by a detailed explanation on the nature of the obligation or violation and the status thereof. An equivalent verification issued by the appropriate regulatory body on the company's contracts relating to Petroleum and/or RE assets located in foreign jurisdictions must be submitted to the Exchange. The Annual Verification must be submitted on or before the end of March of each calendar year. *(Section 17.15 of the Revised Disclosure Rules)*
2. Annual Reports: Companies must include the following information in the relevant section of their Annual Reports (SEC Form 17-A): (a) Summary of the company's declared and DOE-verified resources and/or reserves with a clear statement of the basis of such resources and/or reserves (e.g., valid technical report prepared by a competent person or firm, independent consultant's report, etc.). The summary shall include, among others, the details on the expenditures incurred on the exploration and/or development activities, including explanations for any material variances with the Work Program as approved by the DOE;

Continuing Listing Requirements – Additional Requirements for Petroleum and RE Companies
(b) Detailed description of the company's petroleum and/or RE properties including a summary in tabular format of the: service contract(s), company's interest, partners, operator/contractor, issue date, expiry date, location and status; (c) Detailed discussion of the RISKS associated with the company's business, including, but not limited to, technical risks, operational risks, equity partnership risks, foreign currency risks, financial risks, environmental risks, political and regulatory risks.
3. Monitoring of the Use of Funds: Companies who conducted fund-raising activities, such as an initial public offering, follow-on offering or stock rights offering, through the Exchange shall submit the following reports via ODiSy to ensure transparency in the use of funds: (i) Any disbursements made in connection with the planned use of proceeds from the offering; (ii) Quarterly Progress Report on the application of the proceeds from the offering on or before the first fifteen (15) days of the following quarter; The Quarterly Progress Reports should be certified by the reporting listed company's Chief Financial Officer or Treasurer; (iii) Annual summary of the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the reporting listed company's Chief Financial Officer or Treasurer; and (iv) UNSTRUCTURED REPORT – Approval by the listed company's Board of Directors, stockholders (when applicable) and the DOE of any reallocation on the planned use of proceeds, or of any change in the Work Program. The listed company shall submit an external auditor's certification on the accuracy of the information reported by the listed company to the Exchange in the listed company's quarterly and annual reports as required in items (ii) and (iii) above. The said quarterly and annual reports must include a detailed explanation for any material variances with the Work program or the represented Use of Proceeds in the offering prospectus, as approved by the DOE. The listed company must formally inform its stockholders, through the ODiSy, at least thirty (30) days prior to the implementation of any amendments to the disclosed Use of Proceeds schedule.
B. Unstructured Reports
1. A report that contains any petroleum discovery, resource or reserve estimates, or well drilling operations, tests and/or results, must be duly validated and approved by the

Continuing Listing Requirements – Additional Requirements for Petroleum and RE Companies
appropriate bureau or division of the DOE prior to its submission to the Exchange through the ODiSy. The report must: (a) include a clear statement regarding the DOE's validation or clearance on the information contained in the report; (b) specify the reporting standard used by the company and the competent person or firm; (c) when applicable, provide the names and brief background of the company's independent consultants, if the report is based on estimates prepared or reviewed by such independent consultants; and (d) include the risks associated to the report and clear cautionary statements relevant to the report.
2. A report that contains any petroleum discovery, resource or reserve estimates, or well drilling operations, tests and/or results covered by the company's petroleum or RE assets located in a foreign jurisdiction must: (a) include a clear statement on the basis of the information contained in the report, including, but not limited to, the information on the competent person or firm and the reporting standard used by the company; (b) when applicable, provide the names and brief background of the company's independent consultants, if the report is based on estimates prepared or reviewed by such independent consultants; (c) include the risks associated to the report and clear cautionary statements relevant to the report; and (d) include a clear statement regarding the appropriate regulatory body's validation or clearance on the information contained in the report .
3. A report on any change in the reporting standard adopted by the company, including the reasons for the change and the impact on the company's existing reported level of resources and/or reserves. The report shall state the required regulatory approvals by the DOE, or the appropriate foreign regulatory body, of the said change in the reporting standard. The reporting standard adopted by the company on its Petroleum and/or RE assets covered by valid and subsisting Service Contracts should be acceptable to the DOE. Further, in cases where the company has petroleum assets located in foreign jurisdictions aside from its petroleum assets covered by existing Service Contracts with the DOE, the company shall submit to the Exchange a report on the petroleum resources and/or reserves prepared in accordance with the Petroleum Resource Management System (PRMS) promulgated by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of

Continuing Listing Requirements – Additional Requirements for Petroleum and RE Companies
Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE), or any other reporting standard acceptable to the Exchange from time to time. The company shall likewise submit a letter of consent issued by the competent and authorized person or body who prepared the report to the publication of the report. Valuations on the Petroleum and/or RE assets located in foreign jurisdictions should likewise comply with globally accepted standards such as: (1) the Society of Petroleum Engineers-Petroleum Resources Management System (SPE-PRMS) – the most widely used international reporting standard for the classification of petroleum assets; (2) the VALMIN Code – the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, as prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Geoscientists and the Mineral Industry Consultants Association as amended from time to time; or (3) any other code, reporting standard or format accepted by the DOE and the Exchange from time to time.
4. A report on a material transaction relating to an acquisition and/or any subsequent change in the direct and indirect ownership or interest in petroleum or RE assets shall include a discussion of the impact of the transaction on the listed company and, when applicable, a valuation report prepared by a competent person or firm in accordance with the adopted reporting standard. The report shall state the required regulatory approvals by the DOE, or the appropriate foreign regulatory body.
5. A report of fines or monetary sanctions of more than ₱50,000.00, and/or other penalties on the listed company or on its subsidiaries by regulatory authorities and the reasons therefore *(Section 4.4 (p) of the Revised Disclosure Rules)*. Other penalties, include, but are not limited to: (a) Suspension or termination by the DOE, or the appropriate foreign regulatory body, of an existing contract covering Petroleum and/or RE assets or any part thereof, (b) Suspension of exploration and/or development activities; and (c) Revocation by the DOE, or the appropriate foreign regulatory body, of the company's license, permit, certification or accreditation.
6. Other reports and material information that the Exchange may require to be disclosed to the investing public, or to the Exchange for evaluation purposes.

THE PHILIPPINE STOCK EXCHANGE, INC.:

HANS B. SICAT
President & CEO

JOSELITO V. BANAAG
General Counsel

SECURITIES AND EXCHANGE COMMISSION:

JOSE P. AQUINO
Director, Market Regulation Department

Supplemental Rule "2"

Republic of the Philippines
DEPARTMENT OF ENERGY

02 APR 2009

DEPARTMENT CIRCULAR NO. DC2009-04-0004

REITERATING A TRANSPARENT AND COMPETITIVE SYSTEM OF AWARDING SERVICE/OPERATING CONTRACTS FOR COAL, GEOTHERMAL AND PETROLEUM PROSPECTIVE AREAS REPEALING FOR THIS PURPOSE DEPARTMENT CIRCULAR NO. DC2006-12-0014

WHEREAS, Section 1 of Presidential Decree No. 1442, otherwise known as "*An Act to Promote the Exploration and Development of Geothermal Resources,*" Section 4 of Presidential Decree No. 972, as amended, otherwise known as "The Coal Development Act of 1976," and Section 4 of Presidential Decree No.87, as amended, otherwise known as the "*Oil Exploration and Development Act of 1972,*" allow the Philippine Government to promote and undertake the exploration, development and production of the country's indigenous coal, geothermal and petroleum resources through service/operating contracts with contractors;

WHEREAS, Republic Act No. 7638, as amended, otherwise known as *"The Department of Energy (DOE) Act of 1992,"* mandates the DOE to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation;

WHEREAS, on 22 December 2006, the DOE issued Department Circular No. DC2006-12-0014 providing for a transparent and competitive system for investment and public contracting rounds for awarding coal, geothermal and petroleum service/operating contracts;

WHEREAS, the DOE desires to adopt the most effective strategy for promoting and attracting local and foreign investment to further increase the exploration, development and production of prospective coal, geothermal and petroleum areas;

WHEREAS, the DOE reiterates and acknowledges the need to continue adopting a transparent and competitive system for awarding service/operating contracts for exploration, development and production of the country's coal, geothermal and petroleum resources;

WHEREAS, consistent with national interest, the DOE has, after consultation with stakeholders, resolved to enhance government participation, through the government corporate sector, in the exploration, development and production of indigenous oil and gas resources through the grant of option to PNOC to participate in petroleum service contracts;

NOW, THEREFORE, in consideration of the aforementioned premises, the following procedures shall govern the transparent and competitive system of awarding service/operating contracts for coal, geothermal and petroleum exploration, development and production.

1. Contracting Rounds

1.1 The Energy Resource Development Bureau (ERDB) shall determine prospective coal, or geothermal, or petroleum areas found in the Philippine territory; and its maritime zones including the continental shelf for inclusion in the competitive public contracting rounds. The DOE Secretary, based on reports submitted by ERDB, and if he deems fit, shall declare such areas open for competitive public contracting round. The DOE shall not accept any application or proposals for exploration, development and production service/operating contract except during the competitive public contracting rounds. No applications for small-scale mining permit for coal operations shall likewise be entertained in the offered areas until after service/operating contracts have been awarded.

1.2. The ERDB shall prepare the contracting round documents with a description of available data and the prospect of geothermal/coal/petroleum resources in each area. The DOE Contract Negotiating Panel (DOE-CNP per Department Order No. 2003-05-005) shall then disseminate information of the contracting round which shall include, among others, the following:

a. Location Map and Technical Descriptions (TDs) of the area/s being offered during the contracting round;
b. Schedule of activities for the contracting round; and
c. Such other information as the DOE-CNP may deem appropriate

1.3 Interested parties for the contracting rounds on petroleum may access data available at DOE after payment of a Data Viewing Fee of Five Hundred United States Dollars (US$500.00) for a two (2) day-day maximum visit. If the interested party decides to purchase the DOE data, the Data Viewing Fee will be credited to the total price of the purchased data.

1.4 Interested parties for the contracting rounds on coal, geothermal and petroleum areas shall submit complete set of documents for evaluation by the DOE-CNP. The DOE-CNP may require submission of additional information/documents, as may be necessary, during evaluation of the proposals for clarification purposes only. A non-refundable application fee of ONE HUNDRED THOUSAND PESOS (P 100,000.00) per area for petroleum and geothermal, and FIFTY THOUSAND PESOS (P 50,000.00) per area for coal shall be paid by the proponent upon submission of the proposal which shall include the following documents:

a. Work Program

a.1 Proposed oil/gas service contract, geothermal service contract or coal operating contract based on existing DOE Model Contracts;

a.2 Proposed work program (discussion on the application of the different exploration strategies and methodologies to be employed in delineating energy resources at depth with subsequent manpower complement should be in detailed narrative format and the Schedule of Activities in Gantt Chart) and minimum expenditure on annual/sub-phase basis for each proposed activity with respect to the area or areas specified in the proposal; and

a.3 Narrative presentation of data and information (such as geology, stratigraphy, geochemistry, geophysics, water or coal quality, resource estimate, resource indicators, etc.) suggesting presence of energy resources at depth.

b. Financial Proposal and Documentation

b.1 Audited financial statements and annual reports for the last three (3) years;

b.2 Duly filled-out information sheet;

b.3 Resume/profile of the prospective contractor, its incorporators, stockholders or officers;

b.4 Particulars of the kind of financial resources available to the prospective contractor including capital, credit facilities and guarantees so available; and

b.5 Certified copy of latest income business tax returns filed with the Bureau of Internal Revenue, and duly validated with the tax payment made thereon, if applicable.

c. Legal Documentation

c.1 Certified copy of Articles of Incorporation;

c.2 Certified copy of the by-laws of the prospective contractor;

c.3 SEC Registration Certificate; and

c.4 Certified copy of latest general information sheet submitted to the Securities and Exchange Commission.

d. Technical Proposal and Documentation

d.1 Particulars of the technical and industrial qualifications, eligibilities and work related experiences of the interested party and its employees;

d.2 Particulars of the technical and industrial resources available to the interested party for the exploration, development and production of geothermal, coal and petroleum resources;

d.3 Particulars on the experiences, achievements and tract records of the interested party and its employees related to technical and industrial undertakings; and

d.4 Particulars on organizational and management structures relative to Administration, Financial and Technical aspect of the interested party.

For financial, legal and technical documentation, if the interested party is a joint venture, all entities forming part of the joint venture shall comply with the above requirements. In addition, the interested party shall submit a copy of the joint venture agreement. Furthermore, any interested party, acting singly or forming part of a joint venture, that is organized in a foreign country shall submit documents equivalent to the above, issued by the appropriate governing body and duly authenticated by the Philippine consulate in the country where it is registered or where it operates.

1.5 The DOE CNP shall open the submitted proposals relative to the contracting round during the first working day after the announced deadline for submission of proposals. No proposals or contracting documents shall be accepted on the designated day of the opening of proposals.

1.6 The DOE CNP shall then conduct evaluation of the submitted proposals based on the following criteria:

a.	Work program	-	30%
b.	Financial qualification	-	30%
c.	Technical qualification	-	30%
d.	Legal qualification	-	10%

1.7 The DOE CNP, for sufficient and valid cause, may at any given time reject any or all proposals submitted.

The DOE shall discuss with the highest-ranked proponent to finalize the contract details. No material deviation from the DOE model contract shall be allowed at any given time. The winning proponent shall be charged a processing fee of Php 1.20/hectare for geothermal, Php 0.48/hectare for petroleum and Php 30,000.00 per block for coal based on DOE's Schedule of Fees and Charges in compliance with EO 197. The DOE CNP shall then make a recommendation to the DOE Secretary for any award of service / operating contracts based on the discussions. The DOE shall formally inform all the proponents of the results of the evaluation.

2. **Contract Areas.** The definition and delineation of prospective coal, geothermal and petroleum contract areas shall be in accordance with the provisions of applicable government laws, rules and existing procedures such as the National Integrated

Protected Areas System (NIPAS) Law and the Indigenous People's Right Act (IPRA), among others.

3. **Frontier Areas**. Privately identified coal, geothermal and petroleum frontier areas with no available technical data may be allowed to be offered through negotiated contracts.

4. **Separability Clause.** If for any reason, any section or provisions of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

5. **Repealing Clause.** The provisions of Department Circular No. DC2006-12-0014 is hereby repealed. All other department circulars, which are inconsistent with the provisions of this Circular are hereby repealed, amended or modified accordingly.

6. **Effectivity**. This Circular shall take into effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this ____ day of _____, 2009 in Fort Bonifacio, Taguig City, Metro Manila

ANGELO T. REYES
Secretary

Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS CITE:
SE09-012258

Republic of the Philippines
DEPARTMENT OF ENERGY

JUL 1 2 2009

DEPARTMENT CIRCULAR NO. DC2009-07-0011

GUIDELINES GOVERNING A TRANSPARENT AND COMPETITIVE SYSTEM OF AWARDING RENEWABLE ENERGY SERVICE/OPERATING CONTRACTS AND PROVIDING FOR THE REGISTRATION PROCESS OF RENEWABLE ENERGY DEVELOPERS

WHEREAS, pursuant to Article XII, Section 2, of the 1987 Philippine Constitution, all forces of potential energy and other natural resources within the Philippine territory belong to the State and their exploration, development and utilization shall be under the full control of the State;

WHEREAS, Republic Act (R.A.) No. 9513, otherwise known as the "Renewable Energy Act of 2008," provides that it is the policy of the State to encourage and accelerate the exploration, development and increase the utilization of renewable energy resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and including hybrid systems;

WHEREAS, the Implementing Rules and Regulations (IRR) of R.A. No. 9513 mandates the Department of Energy (DOE) to issue a regulatory framework containing the guidelines governing a transparent and competitive system of awarding Renewable Energy Service/Operating Contracts from pre-development to development/commercial stage, among others;

WHEREAS, biofuels, which are defined as fuels made from biomass, are considered renewable energy resource under the scope of biomass energy;

WHEREAS, Joint Administrative Order (JAO) No. 2008-1, Series of 2008, otherwise known as the "Guidelines Governing the Biofuel Feedstocks Production, and Biofuels and Biofuel Blends Production, Distribution and Sale," was issued for the accreditation of biofuel producers, among others, under R.A. No. 9367 otherwise known as the "Biofuels Act of 2006;"

WHEREAS, R.A. No. 7638, as amended, otherwise known as the "Department of Energy Act of 1992," mandates the DOE to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation, among others;

NOW, THEREFORE, in consideration of the foregoing premises, the DOE hereby issues the following guidelines:

CHAPTER I. GENERAL PROVISIONS

SECTION 1. Title. – This Circular shall be known as the "Guidelines Governing a Transparent and Competitive System of Awarding Renewable Energy Service/Operating Contracts and Providing for the Registration Process of Renewable Energy Developers."

SEC. 2. Scope. – This Circular shall provide the guidelines on the award of Renewable Energy Service/Operating Contracts (RE Contracts) covering both the pre-development and development stages either for power or non-power applications, including the transition of the existing service contracts and agreements on the exploration, development or utilization of Renewable Energy (RE) resources with the DOE/Government to RE Contracts, subject to Rule 13, Section 39 of the IRR of the Act, and the issuance of DOE Certificate of Registration for RE Developers.

SEC. 3. Definition of Terms. – As used in this Circular, the following terms shall be understood to mean, as follows:

(a) ***"Act"*** shall refer to R.A. No. 9513, otherwise known as the "Renewable Energy Act of 2008;"

(b) ***"Blocking System"*** shall, for purposes of this Circular, refer to the subdivision of the Philippine territory by the DOE, into meridional blocks of half (1/2) minute of latitude and half (1/2) minute of longitude with Geographic Projection and Datum of the Philippine Reference System (PRS) of 1992. One (1) meridional block shall have an area of eighty one (81) hectares. Each block shall be designated a block number which shall be used exclusively in identifying the coverage of a contract area;

(c) ***"Commercial Operation"*** shall refer to the phase of RE development when the RE Developer has completed its commissioning and test operations and is ready to sell or apply its produced energy, as duly confirmed by the DOE;

(d) ***"Declaration of Commerciality"*** shall refer to a written declaration by the RE Developer, duly confirmed by the DOE Secretary, stating that the project is commercially feasible;

(e) ***"Financial Closing"*** shall refer to the stage when the RE Developer has established, based on the DOE's criteria and procedures, its financial capability to implement its RE project;

(f) ***"Frontier Areas"*** shall refer to areas with RE resource potentials but without sufficient available technical data as determined by the DOE and are not ready for immediate development and utilization;

(g) ***"RE Applicant"*** shall refer to any entity, whether individual or juridical, local or foreign, including joint venture or consortium of local, foreign, or local and foreign firms, subject to the limitations provided in Section 6 hereof, which applies for the assessment, exploration, extraction,

harnessing, development, utilization or commercialization of RE resources;

(h) ***"RE Application"*** shall refer to the legal, technical, financial and other pertinent documents submitted by the RE Applicant in accordance with the requirements for direct negotiation of RE Contracts under Section 10 of this Circular;

(i) ***"RE Developer"*** shall refer to individual/s or juridical entity created, registered and/or authorized to operate in the Philippines in accordance with existing Philippine laws and engaged in the exploration, development or utilization of RE resources and actual operation of RE systems/facilities. It shall include existing entities engaged in the exploration, development and/or utilization of RE resources, or the generation of electricity from RE resources, or both;

(j) ***"RE Proposal"*** shall refer to the legal, technical, financial and other pertinent documents submitted by the RE applicant in accordance with Section 9 on the open and competitive selection process of this Circular;

(k) ***"Work Program"*** shall refer to plans, programs, and activities, including the corresponding budgetary requirements, for the performance of obligations under the RE Contract, including, but not limited to, plans for exploration, development, production or utilization; and

(l) ***"Working Capital"*** shall refer to the RE Applicant's net liquid assets (quick assets less current liabilities) consisting primarily of cash, temporary investments, short term current receivables and deposits.

CHAPTER II. RE SERVICE/OPERATING CONTRACTS

SEC. 4. Nature of RE Contract. – An RE Contract is a service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer shall have the exclusive right to explore, develop or utilize a particular RE area: *Provided,* That an agreement between the Government and the RE Developer for the exploration, development or utilization of biomass resources shall be covered by an RE Operating Contract only, subject to the provisions of Section 25 of this Circular: *Provided, further,* That JAO No. 2008-1, Series of 2008 under R.A. No. 9367 shall govern the registration and accreditation of biofuel producers, in lieu of an RE Contract.

a. **Stages of RE Contract** – The RE Contract shall be divided into two (2) stages, namely:

   i. **Pre-Development Stage** – involves the preliminary assessment and feasibility study up to financial closing of the RE project; and

ii. **Development/Commercial Stage** – involves the development, production or utilization of RE resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities.

b. **Conversion of RE Contract:**

i. **From Pre-Development Stage to Development/Commercial Stage** – Upon Declaration of Commerciality by an RE Developer and after due confirmation by the DOE, the RE Developer shall apply for the conversion of the RE Contract, prior to its expiration, from Pre-Development Stage to Development/Commercial Stage. The Declaration of Commerciality shall be based on the feasibility studies and/or exploration activities conducted by the RE Developer.

The RE Developer of an RE Contract shall secure permits, clearances or certificates such as, but not limited to, Environmental Compliance Certificate (ECC), Certificate of Non-Coverage (CNC), Water Rights Permit, Free and Prior Informed Consent (FPIC), Certificate of Non-Overlap, Local Government Unit (LGU) endorsement and all other regulatory requirements from other government agencies which are applicable to the RE activities/operations.

ii. **From Existing Service Contract/Agreement on RE Resources to RE Contracts under the Act and this Circular** – For an existing RE project, the contract holder may elect to convert its Service Contract/Agreement under applicable laws by applying for an RE Contract under the Act and this Circular. The approval of such application shall be carried out on the basis of its prior rights over the contract area.

Any individual or juridical entity with a valid and existing service or development contracts and agreements with the DOE/Government for the exploration, development or utilization of RE resource shall be deemed provisionally registered as an RE Developer under the Act, which registration shall subsist until the issuance of DOE Certificate of Registration provided for under Section 18 of the IRR. For this purpose, the DOE shall issue the corresponding provisional certificate of registration, pursuant to Section 39 of the IRR, upon receipt of the RE Developer's letter of intent for conversion to RE Contract.

SEC. 5. RE Contract Area. – The RE Contract area shall be defined through a Blocking System: *Provided,* That the Blocking System shall apply only to RE Contracts on ocean, solar, wind and geothermal resources.

Part 1. Application Requirements

SEC. 6. Application Requirements. – All applicants for the issuance of an RE Contract shall comply with the following requirements:

a. **Who may apply** – Any person, natural or juridical, local or foreign, may, subject to the limits herein set, apply for RE contracts.

   i. For RE Contract both during Pre-Development and Development/ Commercial Stages covering all RE resources and including hybrid systems, the RE Applicant must be a Filipino or, if a corporation, must be a Filipino corporation at least sixty percent (60%) of its capitalization must be owned by Filipinos and duly registered with the Securities and Exchange Commission (SEC), except in situations as provided for in sub-paragraphs ii and iii of this Section.

   ii. In the case of the exploration, development or utilization of geothermal resources, the applicant may either be a Filipino, natural or juridical, or a foreign corporation.

   iii. Consistent with Article XII, Section 2, of the 1987 Philippine Constitution and applicable existing laws, any foreign-owned corporation duly authorized to operate in the Philippines may apply for an RE Contract in the nature of a financial or technical assistance agreement for large-scale exploration, development or utilization of geothermal resources.

   iv. In case the RE applicant is a joint venture or consortium, the partners of the joint venture or the members of the consortium shall organize themselves as a corporation registered under the Corporation Code of the Philippines.

   To signify its intention to enter into RE contractual arrangements with the DOE, the RE Applicant shall submit a letter of intent, together with the duly accomplished RE Contract Application Form (**Annex "A"**).

b. **Legal Requirements** – For an individual or single proprietorship, the RE Applicant shall submit a National Statistics Office (NSO)-certified true copy of birth certificate, business permit and other applicable documents. For juridical entity, the RE Applicant shall submit an original copy of certification from its Board of Directors or officers authorizing its representative to negotiate and enter into an RE Contract with the DOE, duly certified Articles of Incorporation or other equivalent legal document creating the same and latest General Information Sheet or equivalent legal documents showing the names of its officials, ownership, control and affiliates. In the case of foreign corporations, the documents to be submitted shall be duly authenticated by the Philippine Consulate having consular jurisdiction over the entity.

c. **Technical Requirements** – The RE Applicant must possess the necessary technical capability to undertake the obligations under the RE Contract in terms of the following:

   i. *Track Record or Experience* – By himself, the corporation itself, through the member-firms, in case of a joint venture/consortium, or through employment of service providers, the RE Applicant shall include in its technical submission proof of its on-going or completed

contracts/agreements similar to or congruent with the nature of project/work being proposed to be covered by an RE Contract involving a specific RE resource. The individual firms may individually specialize on any or several stages of the RE Contract. A joint venture/consortium applicant shall be evaluated based on the individual or collective experience of the member-firms of the joint venture/consortium.

ii. *Work Program* – This shall be evaluated based on its viability, minimum expenditure commitments, detailed program of activities inclusive of environmental protection/conservation and social acceptability plans, among others.

iii. *Key Personnel Experience* – The key personnel of the RE Applicant must have sufficient and relevant work experience in connection with the project being applied for. For this purpose, the Curriculum Vitae of the management and technical personnel must be submitted.

iv. *List of Existing Company-owned Equipment (if any) for RE Operations and Any Lease Agreement of RE Equipment* – This shall be evaluated based on the technical and environmental soundness, sufficiency, and appropriateness of company-owned and leased equipment that will be used for the project.

d. **Financial Requirements** – The RE Applicant must have adequate capability to provide the financial requirements to sustain the proposed Work Program for the exploration activities or conduct of feasibility studies during the Pre-Development Stage, and detailed engineering/geological/ industrial design for the development and operation of facilities during Development/Commercial Stage, as the case may be. This financial capability shall be measured in terms of:

i. Audited Financial Statements for the last two (2) years and unaudited Financial Statement if the filing date is three (3) months beyond the date of the submitted audited Financial Statement;

ii. Bank certification to substantiate the cash balance in the audited Financial Statement or updated Financial Statement;

iii. Projected cash flow statement for two (2) years;

iv. List of company-owned equipment/facilities available for the proposed RE projects;

v. If the RE applicant, on account of its infancy, is unable to produce the requirements in sub-paragraphs (i) to (iii) above, it shall submit an audited Financial Statement and duly certified and/or notarized guarantee or Letter of Undertaking/Support from its parent company or partners to fund the proposed Work Program. In the case of foreign parent-company, the audited Financial Statement and the guarantee or Letter of Undertaking/Support shall be duly authenticated by the

Philippine Consulate Office that has consular jurisdiction over the said parent company; and

vi. Proof of the ability of the RE Applicant to provide the required minimum amount of Working Capital which shall be equivalent to 100% of the cost of its work commitment for the first year of the proposed Work Program.

The legal, technical and financial requirements shall be as enumerated in the Checklist of Requirements (**Annex "B"**).

SEC. 7. Payment of Application and Processing Fees. – The RE Applicant shall pay the prescribed application and processing fees for each RE Proposal or RE Application. No RE proposal/application shall be accepted without due payment of application and processing fees. *Provided,* That the payment shall be made only upon submission of complete documentary requirements and receipt of order of payment from REMB.

Part 2. Procedure for Awarding of RE Contracts

SEC. 8. Modes of Awarding RE Contract. – RE Contracts shall be awarded through an open and competitive process of selection or by direct negotiation.

SEC. 9. Open and Competitive Selection Process. – Unless as otherwise provided in Section 10 below, the DOE shall observe the following process:

a. *Invitation for RE Project Proposals* – All areas for open and competitive selection shall be posted by the DOE in its website. In the event that new areas have been identified, the DOE shall update its website and may include them in the areas to be published in preparation for the conduct of open and competitive selection of awarding RE Contracts. The publication of areas shall be made as often as practicable depending on the number of identified areas and type of RE resources, among others. Thereafter, invitations for open and competitive selection shall be published once every week for three (3) consecutive weeks in at least two (2) newspapers of general circulation. The DOE shall, likewise, post said invitation and the attachments in its website.

   The invitation shall include information such as, but not limited to:

   i. Map of the area being declared open for RE project proposals;

   ii. Instructions to RE Applicants on the requirements for RE Contract proposal;

   iii. Schedules, including the deadline to submit, the date of opening, and period of evaluation of RE project proposals; and

   iv. Criteria for evaluation and the corresponding percentage/weight.

b. *Creation of a Review Committee* – A Review Committee shall be created to evaluate the RE Proposals and Applications of RE Applicants and provide recommendations to the DOE Secretary for the award of RE Contracts.

The said Committee shall be composed of the following: the Assistant Secretary in charge of the REMB as Chairperson, the representative from the Office of the Renewable Energy Management Bureau (REMB) Director as the Vice-Chairperson, and one (1) representative each from the concerned division of the REMB, Compliance Division of the Financial Services, and Contracts Division of the Legal Services, as members. The Review Committee shall be assisted by a Secretariat from the REMB.

In the event that a foreign corporation shall be the winning or qualified RE Applicant, the RE Contract shall be awarded in accordance with the provisions under Sections 11 and 23 hereof.

c. *Criteria for Evaluation* – The Review Committee shall set the rules for the evaluation of RE Proposals and Applications which shall be based mainly on legal, technical and financial criteria, taking into account the type of RE resource, RE Contract Stage being offered, and the size and location of the RE area, among others.

Evaluation of the RE Proposal on technical and financial criteria shall proceed only after the Review Committee has found that all the legal requirements are complied with.

d. *Period of Evaluation* – Only complete submissions will be evaluated by the Review Committee. The review of the RE Proposal shall be conducted within a reasonable period, as indicated in the Instruction to RE Applicants, from the date of opening of the RE proposal. The RE Applicant shall be notified by the DOE of the results of its evaluation.

SEC. 10. Direct Negotiation. – Direct negotiation shall be allowed only in the following instances subject to confirmation by the REMB:

a. *In case of Frontier Areas* – The negotiation shall be subject to the following conditions:

i. In instances where there is only one applicant for an RE area and the submission is deemed to be incomplete, the said RE applicant shall be given thirty (30) days within which to complete its submission.

ii. In the event that there are two (2) or more interested applicants over the same RE area, the REMB shall prioritize and endorse to the Review Committee for evaluation the application of the RE Applicant whose submission was first received by the REMB. If the submission is deemed insufficient, the same shall be given thirty (30) days within which to complete its submission.

iii. Should the RE Applicant fail to complete its submission within the prescribed period as stated above, it shall be automatically disqualified and, in the case of two or more applications, it shall lose its right as first proponent and the immediately succeeding application shall be considered.

iv. The RE Application over a specific Frontier Area shall, in the interest of transparency, be posted in the DOE website within five (5) working days from receipt of payment of application/processing fees until the award of the RE Contract.

v. Upon submission of the complete documentary requirements, the DOE and the RE Applicant shall negotiate the terms and conditions of the RE Contract within a maximum period of one hundred twenty (120) days.

b. When, during the conduct of open and competitive selection process, any of the following circumstances exist:

i. No RE Proposal was received by the REMB;
ii. No one among the applicants was able to meet the legal requirements, as determined by the Review Committee; or
iii. When one or more applicants met the legal requirements but after the evaluation of technical and financial proposals, no applicant was able to comply, as certified by the Review Committee.

the DOE may apply the mode of direct negotiation following the provisions under paragraph (a) above on Frontier Area.

Part 3. Award of RE Contracts and Registration Procedure for RE Developers

SEC. 11. Award of RE Contract. – The Review Committee shall, within one (1) week after the final evaluation of the RE project proposal and, in the case of RE Application, the negotiation of the terms and conditions of the RE Contract, recommend to the DOE Secretary the approval of the RE Contract. The DOE shall notify the winning or qualified RE Applicant of the award and the schedule of signing of the RE Contract.

Provided, That the RE Contract in the nature of a financial or technical assistance agreement shall be approved and executed by the President of the Philippines, upon the recommendation by the DOE Secretary.

SEC. 12. Effectivity of the RE Contract. – The RE Contract shall take effect on the effectivity date as stipulated in the signed RE Contract.

SEC. 13. Posting of Performance Bond. – Within sixty (60) days after the effectivity date of the contract and at the start of every contract year thereafter, the RE Developer shall post a bond or any other guarantee of sufficient amount,

but not less than the minimum expenditures commitment for the corresponding year.

SEC. 14. Registration as an RE Developer. – The DOE shall issue the Certificate of Registration to the RE Developer immediately upon the effectivity of the RE Contract whether during Pre-Development or Development/ Commercial Stage.

Holders of valid and existing contracts or agreements on renewable energy resources awarded prior to the effectivity of the Act shall be issued a DOE Certificate of Registration as RE Developers only upon conversion of these contracts or agreements to RE Contracts pursuant to Section 4 (b) hereof.

CHAPTER III. SALIENT PROVISIONS OF THE RE CONTRACT

Part 1: Standard Provisions

SEC. 15. Term of RE Contract. – The RE Contract per RE resource type shall have a term of not exceeding twenty-five (25) years and renewable for not more than twenty-five (25) years: *Provided,* That the total period of the RE Contract from the Pre-Development to the Development/Commercial Stages shall not exceed fifty (50) years.

During Pre-Development Stage, the RE Contract shall have a term of two (2) years and may be extended for one (1) year subject to terms and conditions under the RE Contract: *Provided, however,* That in the case of a Geothermal RE Contract, the term may be extended for two (2) years and further extendible for one (1) year upon compliance by the RE Developer of the conditions stipulated in the RE Contract.

SEC. 16. Obligations of the RE Developer. – The RE Contract shall stipulate all the obligations of the RE Developer which shall include, among others, the following:

a. Comply with all its work and financial commitment in carrying out its RE operations and provide all necessary services, technology, and financing in connection therewith;

b. Observe applicable laws relating to labor, health, safety, environment, ecology and indigenous peoples rights, among others;

c. Pay the government share and taxes, as may be applicable;

d. Give priority in employment to qualified personnel in the area where the RE project is located and give preference to Filipinos in all types of employment for which they are qualified;

e. Give preference to local companies/ agencies in entering into subcontracts on RE activities or services which the RE Developer may not carry out, upon

approval by the DOE, provided that these companies/agencies are competitive and the services required are locally available;

f. Post a performance bond, if applicable, within the prescribed period;

g. Maintain complete and accurate technical data and reports, and accounting records of all the costs and expenditures for the RE operations;

h. Submit technical and financial reports in accordance with the format as prescribed by the DOE and in a timely manner;

i. Be responsible in the proper handling of data, samples, information, reports and other documents; and

j. Allow DOE personnel, at all reasonable times, full access to RE Contract area and to accounts, books, and other records relating to RE operations.

SEC. 17. Rights of the RE Developer. – Immediately upon effectivity of the RE Contract, the RE Developer shall be issued a DOE Certificate of Registration which shall qualify it to avail of the incentives and privileges under the Act.

SEC. 18. Benefits to Host Communities. – The RE Contract shall specifically include provisions on the benefits to host communities or local government units (LGUs) which comprise the allocation of such host Communities or LGUs from the Government Share in the exploration, development and utilization of the RE resources pursuant to Sections 20 and 21 of the IRR of the Act, among others. This may be stipulated as part of RE Developer's obligation to include in its Information, Education and Communication (IEC) Campaign information on benefits to host communities and LGUs where the RE project is located.

SEC. 19. Disputes and Arbitration. – In case of dispute between the DOE and the RE Developer relating to the RE Contract or the interpretation and performance of any of the clauses of the RE Contract, both parties shall seek to resolve such dispute or difference amicably or failing such amicable settlement, through referral to an expert, for technical disputes only.

All disputes which cannot be settled amicably within sixty (60) days, after the receipt by one party of a notice from the other party, of the existence of the dispute, shall be settled exclusively and finally by arbitration, upon written demand of either party.

SEC. 20. Suspension and Termination of the RE Contract. – The DOE shall have the power to suspend and terminate the RE Contract, after due notice to the RE Developer. The grounds for suspension and termination shall include, but not be limited to, the following:

a. *Grounds for the Suspension/Termination of an RE Contract for the Pre-Development Stage:*

    i. Non-compliance with the approved Work Program and any of the obligations;

ii. Non-compliance with RE technical design standards adopted by the DOE;

iii. Non-observance of environmental regulations imposed by the Department of Environment and Natural Resources (DENR) during the conduct of feasibility study;

iv. Tampering or plagiarizing of technical design and feasibility study reports;

v. Non-posting of performance bond or any other guarantee within the period provided for in the RE Contract; and

vi. Non-payment of the financial obligations agreed upon under the contract.

b. *Grounds for Suspension/Termination of an RE Contract for the Development/Commercial Stage:*

i. Non-compliance with the terms and conditions of the RE Contract;

ii. Violation of the RPS rules, as may be applicable;

iii. Non-compliance with the approved Work Program and any of the obligations;

iv. Non-compliance with RE technical design standards adopted by the DOE;

v. Non-observance of environmental regulations imposed by the DENR during construction and operation;

vi. Tampering or plagiarizing of technical design, feasibility study, generation and operation reports;

vii. Non-remittance of government share;

viii. Non-payment of the financial obligations agreed upon under the contract; and

ix. Non-posting of performance bond or any other guarantee within the period provided for in the contract.

The termination shall not be effective if the failure of the RE Developer giving ground to the termination has been cured on or before the effective date of termination specified in the notice.

Provided, however, That RE Contract in the nature of a financial or technical assistance agreement shall be suspended or terminated by the President, upon recommendation by the DOE Secretary.

SEC. 21. Confidentiality. – All documents, information, data and reports generated by the RE Developer during its RE operations under the RE Contract

shall be kept confidential, and shall not be disclosed to any third party or to any affiliate not directly involved in the implementation of the RE Contract. Moreover, neither the DOE nor the RE Developer shall transfer, present, sell or publish confidential information in any manner without the consent of the other party: *Provided, however*, That the DOE shall have the right to use and make public data and information generated by the RE Developer with respect to the contract area after the expiration of the RE Contract.

SEC. 22. Assignability/Transfer. – All assignments of RE Contract shall be subject to prequalification and prior written approval of the DOE.

a. The RE Developer may assign part or all of its rights and/or obligations under the RE Contract to its affiliate or any third party with prior notice to and approval by the DOE and in accordance with the following provisions:

    i. The RE Developer shall submit to the DOE copies of a written agreement on the corresponding part of its rights and/or obligations to be assigned; and

    ii. The RE Developer shall guarantee in writing to the DOE the performance of the assigned obligations.

b. The RE Developer may authorize its subsidiaries, branches or regional corporations to implement the RE Contract, but the RE Developer shall remain responsible for the performance of this RE Contract.

Provided, however, That in the case of an RE Contract in the nature of a financial or technical assistance agreement, it shall be assigned or transferred, in whole or in part, to a qualified person subject to the prior approval by the President: *Provided, further*, That the President shall notify Congress of every financial or technical assistance agreement assigned within thirty (30) days from the approval thereof.

Part 2. Special Provisions

A. Geothermal Energy

SEC. 23. RE Contract in the Nature of an FTAA. – The RE Contract that shall govern the large-scale exploration, development or utilization of geothermal energy resources by foreign-owned entities shall be in the nature of a Financial or Technical Assistance Agreement (FTAA).

Geothermal RE projects shall be classified as large-scale based on capitalization and other similar criteria as may be determined by the DOE.

The mode of awarding RE Contract to a foreign company shall be in accordance with the procedures set forth under Sections 9 and 10 hereof.

In the event that a foreign corporation qualifies for an RE project, the following requirements and/or terms and conditions shall be present in the RE proposal/application, for evaluation, and in the award and implementation of the RE Contract, in addition to the requirements provided under Section 6 hereof:

a. A firm commitment in the form of a sworn statement, of an amount corresponding to the expenditure obligation that will be invested in the contract area as part of the RE Proposal/Application documents: *Provided,* That such amount shall be subject to changes as may be necessary to cover the cost of inflation and foreign exchange fluctuations;

b. Representations and warranties that, except for payments for dispositions for its equity, foreign investments in local enterprises which are qualified for repatriation, and local supplier's credits and such other generally accepted and permissible financial schemes for raising funds for valid business purposes, the RE Developer shall not raise any form of financing from domestic sources of funds, whether in Philippine or foreign currency, for conducting its geothermal operations for and in the contract area;

c. A stipulation in the RE Contract that the foreign RE Developers are obliged to give preference to Filipinos in all types of employment for which they are qualified and that technology shall be transferred to the same;

d. If the RE Application/Proposal is found to be sufficient and meritorious in form and substance after evaluation, the DOE shall give the foreign RE Applicant the prior right to the area covered by such proposal. Thereafter, the DOE shall recommend its approval to the President.

e. The President shall notify Congress of the RE Contract in the nature of financial or technical assistance agreements within thirty (30) days from approval and execution thereof; and

f. Such other terms and conditions consistent with the Constitution, applicable laws and with the Act as the President, upon recommendation by the DOE Secretary, may deem to be in the best interest of the State and the welfare of the Filipino people.

The RE Developer shall manifest, in writing, to the President through the DOE Secretary, its intention to withdraw from the RE Contract, if in its judgment the project is no longer economically feasible, even after it has exerted reasonable diligence to remedy the cause or the situation. The Secretary shall, after due evaluation, recommend to the President the acceptance of the withdrawal: *Provided*, That the RE Developer has complied with or satisfied all its financial, technical and legal obligations. *Provided, further,* That upon withdrawal, the performance bond paid for under the RE Contract shall be forfeited in favor of the Government.

B. Hydropower Energy

SEC. 24. Impounding and Pumped-Storage. – Applicants for the registration as Hydropower RE Developer, utilizing impounding and pumped-storage, shall be required to show proof of compliance with the internationally accepted norms and standards on hydropower development such as those of the World Commission on Dams, the International Energy Agency, among others.

The Hydropower RE Contract area shall not be defined using the Blocking System.

C. Biomass Sector

SEC. 25. Biomass Operating Contract. – The RE Developers of biomass, biogas and methane-capture from organic wastes need not enter into a Pre-Development Service Contract due to the peculiar conditions and realities attendant to developing or utilizing such non-naturally occurring resources: *Provided, however,* That except in instances where the power to be generated is for own use, the Biomass RE Developers shall be required to obtain an Operating Contract to cover the project's Development/Commercial Stage wherein the developer shall commit to develop, construct, install, commission and operate an RE generating facility subject to the following:

a. All Biomass RE Contracts shall be exempt from the payment of government share.

b. In the event that there is excess capacity to be sold to any end-user, such biomass systems shall be covered by an RE Operating Contract with the DOE.

c. The Biomass RE Operating Contract shall not include exclusivity of areas for feedstock sources and thus not covered by the Blocking System.

CHAPTER IV. RE PROJECTS FOR OWN-USE AND MICRO-SCALE RE PROJECTS FOR NON-COMMERCIAL OPERATIONS

SEC. 26. RE Projects for Own-use. – RE Developers generating power for own-use shall register with the DOE to avail of any incentives under the Act. The DOE Certificate of Registration shall be issued upon complete submission of requirements which shall include, but not be limited to, the following:

a. Letter of Intent;

b. Project Description; and

c. Proof of ownership of the RE facilities

SEC. 27. RE Operating Contract for Micro-Scale Projects for Non-Commercial Operations. – The issuance of RE Contracts for Non-Commercial Micro-Scale RE Project shall be governed by a simplified process of application and evaluation using the Checklist System. All interested applicants shall submit requirements to the REMB which shall include, among others, the following:

a. Letter of Intent;

b. Project Description;

c. Work Plan;

d. LGU endorsement/certification and any of the documents listed in the legal requirements provided in Section 6 (b) hereof, as may be applicable; and

e. Other proof of sustained operations of the project as may be defined by the DOE.

SEC. 28. Procedure and Requirements for Application. – The DOE shall follow a set of simplified procedure and requirements prescribed in Section 6 for granting RE Contracts covering both RE Projects for Own-Use and Micro-Scale RE Projects for Non-Commercial Operations.

SEC. 29. Registration as an RE Developer. – RE Developers of RE Contracts for Non-Commercial Micro-Scale Projects shall register with the DOE to avail of any incentives and privileges under the Act. All such RE Developers shall be exempt from payment of the Government Share.

CHAPTER V. FINAL PROVISIONS

SEC. 30. Separability Clause. – If for any reason, any provision of this Circular is declared unconstitutional or invalid, the other parts or provisions not affected thereby shall remain in full force and effect.

SEC. 31. Repealing Clause. – The provisions of other department circulars which are inconsistent with the provisions of this Circular are hereby repealed, amended or modified accordingly.

SEC. 32. Effectivity. – This Circular shall take into effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Issued this 12th day of July 2009 in Fort Bonifacio, Taguig City, Metro Manila.

ANGELO T. REYES
Secretary

Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING, PLS CITE:
SE09-014390

ANNEX "A"

Application No. _____
O.R. No. _____
Date _____
Amount _____

RE SERVICE/OPERATING CONTRACT APPLICATION FORM
(Republic Act No. 9513)

I. GENERAL INFORMATION

A. Name of Applicant: _____
B. Authorized Representative: _____
C. Business Address/Tel./Fax Nos./Email Address: _____
D. RE Sector of interest: _____
E. Area or Block/s No. and Location applied for: _____
F. Approximate area covered (in has or sq. m): _____
G. Brief description of primary and secondary purpose as authorized by its Articles of Incorporation (for juridical person only): _____

II. COMPANY/BUSINESS BACKGROUND

A. Controlling Stockholders (for corporation only)
(List names of majority stockholders and the percentage of their holdings)

a) _____ - _____ %
b) _____ - _____ %
c) _____ - _____ %
d) _____ - _____ %
e) _____ - _____ %

B. Company Directors and Officers
(List of Board Members and Company Officers)

NAME / POSITION

a) _____

b) _____
c) _____
d) _____
e) _____

C. Parent/Subsidiary/Affiliates
(List Names, Addresses and Nature of Business)
a) _____
b) _____

D. No. of Years in Operation:
E. Description/History of the Company/Business:
1. Organizational structure
2. Ownership structure
3. Field of specialization

III. TECHNICAL AND FINANCIAL CAPABILITIES

A. Key Personnel in the Organization
1. Corporate officers/hierarchy/expertise
2. Staff members/experience

B. List of On-going or Completed RE or Energy-Related Contracts/Agreements
1. Brief description
2. Type of energy resource
3. Location
4. Contract term/implementation period
5. Client

C. Latest Financial Statements
1. Income Statement
2. Balance Sheet

IV. CERTIFICATION:

It is certified that the foregoing information are true and correct. It is understood that any omission or misinterpretations of the required information shall be sufficient cause for the rejection of this application.

_____ _____
Date *Duly Authorized Representative*

_____
Name of Applicant

ANNEX "B"

CHECKLIST OF REQUIREMENTS
(Renewable Energy Service/Operating Contract under R.A. No. 9513)

I. RE Contract Application/Proposal

A. Legal Requirements

1. Individual or Single Proprietorship:
    a. Birth Certificate – duly authenticated by National Statistics Office (NSO);
    b. Business Permit – certified true copy; and
    c. Department of Trade and Industry (DTI) Registration (if applicable).

2. Corporation/Joint Venture/Consortium
    a. Securities and Exchange Commission (SEC) Registration – SEC-certified;
    b. By-Laws and Articles of Incorporation – SEC-certified;
    c. Certification authorizing its representative to negotiate and enter into RE Contract with the DOE;
    d. Business Permit;
    e. Controlling Stockholders and Percentage of their Holdings;
    f. Organizational Chart of the Company;
    g. Parent/Subsidiary/ Affiliates (if applicable); and
    h. Company Profile.

B. Technical Requirements

1. Track Record or Experience;
2. Work Program with financial commitment per activities;
3. Curriculum Vitae of Management and Technical Personnel;
4. List of Technical Consultants with corresponding Contract between the Developer and Consultants showing their respective qualifications; and
5. List of existing company-owned and leased equipment appropriate for the RE project with corresponding description.

C. Financial Requirements

1. Audited Financial Statement for the last two (2) years and unaudited Financial Statement if the filing date is three (3) months beyond the date of the submitted Audited Financial Statement;
2. Bank certification to substantiate the cash balance (exact amount in words and numbers);
3. Projected cash flow statement for (2) years; and
4. For newly-organized or subsidiary corporation with insufficient funds to finance the proposed work program, it shall submit an Audited Financial Statement and duly certified and/or notarized guarantee or Letter of Undertaking/Support from its parent company or partners to fund the proposed Work Program. In the case of foreign parent-company, the Audited Financial Statement and the guarantee or Letter of Undertaking/Support shall be duly authenticated by the Philippine Consulate Office that has consular jurisdiction over the said parent company.

D. Other Requirements

1. Letter of Intent/Application;
2. Duly accomplished RE Contract Application Form;
3. Map showing the applied area (RE area of application: in case of ocean, solar, wind, and geothermal, must conform with the DOE Blocking System);
4. Application/Processing fees; and
5. Draft Pre-Development or Development/Commercial Service Contracts.

II. **Requirements for Conversion from Pre-Development Stage to Development/Commercial Stage**

1. Letter of Declaration of Commerciality declaring the RE project is commercially feasible and viable; and
2. Feasibility study and/or detailed engineering design of the RE project with the following corresponding documents:
   a. Resolution of Support from host communities and host municipality/ies;
   b. Proof of Public Consultation;
   c. Any form of legal documents showing the consent of the landowner if the project falls under a private land;

d. Department of Environment and Natural Resources (DENR) Permits:
    i. Environmental Impact Study
    ii. Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC)
    iii. Forest Land Use Agreement (FLAg)/Special Land Use Agreement (SLUP) for area applied in public domain
e. National Commission on Indigenous Peoples (NCIP): Free and Prior Informed Consent (FPIC)/Certificate of Pre-Condition or Certificate of Non-Overlap;
f. National Transmission Corporation (TRANSCO):
    i. Grid System Impact Study
    ii. Interconnection Agreement, if applicable
g. Energy (Electricity) Sales Agreement;
h. Other clearances from other concerned agencies (*i.e.*, Maritime Industry Authority (MARINA), Bureau of Fisheries and Aquatic Resources (BFAR), Philippine Navy, Philippine Coast Guard, etc.);
i. Proof of Financial Closing;
j. Final area for development (geographical coordinates/PRS92);
k. Payment of corresponding Application/Processing Fee; and
l. Draft Development/Commercial RE Contract.

III. **Requirements for Conversion from Existing Contracts to RE Contracts**

1. Letter of Intent from the Developer requesting for the conversion of the existing Contract/Agreement to RE Contract;
2. Accomplishment report vis-à-vis work and financial program;
3. Updated Work Program; and
4. Such other documents that may be required by the DOE.

MEMORANDUM

No.2010-0460

The Philippine Stock Exchange, Inc.

____	Trading Rules	____	Computer Systems Update
____	Membership Rules	____	Administrative Matters
x	Listing Rules	____	Others:

TO : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

SUBJECT : **LISTING RULES FOR REAL ESTATE INVESTMENT TRUSTS (REITS)**

DATE : **SEPTEMBER 29, 2010**

Please be informed that in a letter dated September 21, 2010, the Securities and Exchange Commission ("SEC") informed the Exchange that it has approved the Listing Rules for REITs (the "Rules").

For the information and guidance of the investing public and market participants, we attach as Annex "A" the official copy of the Rules and its annexes.

The Rules shall take effect on **October 8, 2010**.

VAL ANTONIO B. SUAREZ
President & CEO

LISTING RULES FOR REAL ESTATE INVESTMENT TRUSTS (REITS)

These Listing Rules for REITs must be read in conjunction with the Listing and Disclosure Rules of the Exchange, the REIT Act of 2009 and its implementing rules and regulations.

SECTION 1. RATIONALE. - The Listing Rules for Real Estate Investment Trusts (REITs) are being made in light of the requirement under Section 5 of Republic Act No. 9856, otherwise known as the REIT Act of 2009, that the shares of stock of a REIT must be listed in accordance with the rules of the Exchange.

SECTION 2. GENERAL. - A real estate investment trust or REIT is a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets. The Exchange adopts the applicable listing and disclosure requirements under the REIT Act of 2009, and its implementing rules and regulations (IRR), as may be amended. In case any provision of the rules of the Exchange or the Listing Agreement is inconsistent with the provisions of the REIT Act of 2009 or its IRR, the provisions of the law, regulation or government issuance shall prevail. A copy of the REIT Act of 2009 and its IRR are attached herewith as Annexes "A" and "B", respectively, and are incorporated by reference to the listing rules for REITS.

SECTION 3. APPLICABILITY OF THE RULES OF THE EXCHANGE. - In addition to these Rules, the Listing and Disclosure Rules of the Exchange, as may be amended from time to time, and all applicable Exchange rules, regulations, policies, guidelines, the Listing Agreement, and all laws and regulations will apply to REITs; provided, that, in case of conflict, the REIT Act of 2009 and its IRR shall prevail.

SECTION 4. GENERAL CRITERIA FOR ADMISSION TO LISTING. - In addition to the criteria for listing under the rules of the Exchange, a REIT must also meet the following criteria:

a. A REIT must be a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets.
b. A REIT must have a dividend policy of distributing annually at least ninety percent (90%) of its distributable income as dividends to its shareholders in accordance with the REIT Act of 2009 and its IRR.
c. A REIT must be a public company upon and after listing, and to be considered as such, a REIT must have at least one thousand (1,000) public shareholders each

owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock.

d. A REIT must have a minimum paid-up capital of Php300 million.
e. At least seventy-five percent (75%) of the deposited property of the REIT must be invested in, or consist of, income-generating real estate.
f. At least 1/3 of the board of directors of a REIT must be independent directors, which in no case shall be less than two (2).
g. A REIT must appoint a qualified fund manager and property manager in accordance with the REIT Act of 2009 and its IRR, as may be amended.
h. Directors or officers of the REIT, fund manager, property manager, distributor and other REIT participants are subjected to the fit and proper rule under the REIT Act of 2009 and its IRR.
i. A newly formed REIT which invokes the track record or operating history of its income-generating real estate assets shall submit audited financial statements and any other supporting documents that reflect the track record or operating history of the REIT's income-generating real estate assets for the applicable period.
j. The Articles of Incorporation and By-Laws of the REIT shall provide that all of the shares of stock of the REIT shall be issued in the form of uncertificated securities and an investor may not require the REIT to issue a certificate in respect of any share recorded in their name.

SECTION 5. LISTING APPLICATION DOCUMENTS. – The applicant company shall submit all the required documents as provided under Annex "C" of this rule.

SECTION 6. DISCLOSURE REQUIREMENTS. – 6.1 A REIT shall comply with the reportorial and disclosure requirements prescribed by the Corporation Code, the Securities Regulation Code, the Exchange, and the REIT Act of 2009 and its IRR, as may be amended.

6.2. SPECIAL QUARTERLY AND ANNUAL REPORTS - The quarterly and annual reports of a REIT shall likewise include the following:

a. Summary of all real estate transactions entered into during the period, including the identity of the parties, the contract price, and their valuations, including the methods used to value the assets;
b. Summary of all the REIT's real estate assets, including the location of such assets, their purchase prices and the latest valuations, rentals received and occupancy rates, and/or the remaining terms of the REIT's leasehold properties;
c. Comparative summary of the financial performance of the REIT covering various time periods (e.g. quarterly, one (1)-year, three (3)-year, five (5)-year or (10)-year).

6.3 FOREIGN OWNERSHIP AND PUBLIC OWNERSHIP REPORTS. A REIT shall submit through the Exchange's Online Disclosure System (ODiSy) daily reports on its foreign ownership and public shareholder levels duly certified by the transfer registrar. The report should be based on information contained in the records of the transfer agent and the depository or any entity duly authorized by the Commission.

SECTION 7. CONTINUING LISTING REQUIREMENTS. – In addition to the existing continuing listing requirements of the Exchange, a REIT shall also comply with the following:

a. A REIT shall maintain its status as a public company as defined in the REIT Act of 2009 and its IRR, as may be amended. The Rule on Minimum Public Ownership of the Exchange shall not apply to REITs. If a REIT fails to maintain the required public ownership, then the Exchange will grant a grace period of thirty (30) days to comply with the public ownership requirement. If a REIT is not able to comply with the public ownership requirement after the grace period, then the REIT shall be immediately delisted after thirty (30) days upon receipt by the REIT of the notice of delisting.
b. A REIT shall maintain the registration of its investor securities with the Commission.
c. A REIT shall distribute at least ninety percent (90%) of its distributable income required under the REIT Act of 2009 and its IRR, as may be amended.
d. A full valuation of a REIT's assets must be conducted by an independent property valuer, duly accredited by the Commission and the Exchange, at least once a year in accordance with the applicable rules of asset valuation and valuation methodology as prescribed by the Commission; Provided, however, that the same REIT shall not have the same property valuer for more than three (3) consecutive years. The REIT may, however, re-engage the services of said property valuer after the lapse of three (3) years.

SECTION 8. PENALTIES. - Failure by the REIT to comply with the listing or disclosure requirements of the Exchange shall subject the REIT to the applicable penalties under the rules of the Exchange, without prejudice to the liability of the REIT for any administrative, civil or criminal action under the REIT Act of 2009, as may be amended, or any existing law. Any violation of the REIT Act of 2009 not arising out of, or in connection with, the listing and disclosure requirements under these rules shall be determined by a court of competent authority or the appropriate regulatory authority.

SECTION 9. AMENDMENT. - Should the Listing and Disclosure Rules of the Exchange and all applicable Exchange rules, regulations, policies, and guidelines be amended providing additional or different criteria, the REIT shall be given a reasonable period, to be determined by the Exchange, to comply with such amendment.

THE PHILIPPINE STOCK EXCHANGE, INC.

VAL ANTONIO B. SUAREZ
President & CEO

JOSELITO V. BANAAG
General Counsel and
OIC, Issuer Regulation Division

SECURITIES AND EXCHANGE COMMISSION

JOSE P. AQUINO
Director
Market Regulation Department

Annex "A"

A copy of Republic Act No. 9856, otherwise known as the REIT Act of 2009 may be downloaded from www.congress.gov.ph

Annex "B"

A copy of the Implementing Rules and Regulations of the REIT Act of 2009 may be downloaded from www.sec.gov.ph

Annex "C"
Supplemental Rule "3"

THE PHILIPPINE STOCK EXCHANGE, INC.
Checklist of Documentary Requirements
(to be submitted in 2 hard copies and soft copy*)

INITIAL PUBLIC OFFERING
Real Estate Investment Trust (REIT)

NAME OF CORPORATION/REIT:_____

This checklist of documentary requirements supplement and must be read in conjunction with the Revised Listing Rules of the Exchange, the listing rules for REITs, the REIT Act of 2009 and its implementing rules and regulations.

DATE SUBMITTED	REQUIREMENTS
	1. Duly accomplished set of listing application (Application for Listing of Stocks, Agreement with Registrar or Transfer Agent, Distribution of Capital Stock of Corporation to its Stockholders, Listing Agreement) PSE forms should not be retyped.
	2. SEC certified true copy of the following: • Articles of Incorporation and By-Laws and the Certificate of Filing of Articles of Incorporation; • When applicable, latest Amended Articles of Incorporation and Amended By-Laws, and the corresponding Certificate of Filing of Amended Articles of Incorporation and Amended By-Laws; • Certificate of Increase in Capital stock, if any; • Registration and Licensing Order and Permit to Offer Securities for Sale *(to be issued within two (2) trading days prior to the start of the offer period)*
	3. Sworn Corporate Secretary's Certificate of Increase in Authorized Capital Stock, if applicable.
	4. Certified true copy of the Registration Statement filed and duly received by the SEC.
	5. Affidavit of the newspaper publisher on the fact of publication as required under the Securities Regulation Code and pertinent laws.
	6. Sworn Corporate Secretary's Certificate on the following: a) Approval by the board of directors and by the stockholders of the initial public offering and the application for listing; b) The Corporation's total number of shares issued (indicate if there are treasury shares); c) The Corporation's total number of shares outstanding; d) The percentage of ownership of Filipino citizens and alien shareholders; e) The Corporation has no subscriptions receivable at the time of the filing of the application; f) The total number of holders or recipients of options, if any, showing the nature, total number of shares, the price, manner of payment, and basis of grant. If there is none, the Corporation shall submit a sworn undertaking that should the same be granted in the future, the Exchange and the SEC shall be immediately informed of the details of the option upon approval by the Board of Directors;

DATE SUBMITTED	REQUIREMENTS
	g) List of officers and members of the corporation's board of directors indicating the independent directors and date of the last regular stockholder's meeting when they were elected and the date of any subsequent special stockholders' meeting held; h) List of shareholdings of each of the corporation's officers and directors and their related parties, indicating therein their percentage of ownership, and amount paid up **before** the IPO; i) All pending litigation involving the corporation and involvement, if any, of the members of the board of directors and executive officers, in criminal, bankruptcy or insolvency investigations or proceedings against them; j) List of shareholders prior to the IPO subject to lock-up indicating the number of shares, percentage owned, and lock-up period; k) Dividend declaration history of the corporation indicating therein the year, rate of dividend, record date, and amount paid, with corresponding details of any waiver of dividend in such years; l) History of issuances and subscriptions of shares from the time of incorporation, indicating therein the date, nature, number of shares issued, investors and the respective number of shares subscribed, amount paid by each and date of full payment; m) List of stockholders indicating therein their respective number of shareholdings, percentage ownership, and amount paid up **before** the IPO; n) List of all Real Property, Income Generating Real Estate Assets and Real Estate-Related Assets as defined in the REIT Act (Definition of Terms); o) List of all Related Party Transactions as defined in the REIT Act and its IRR; p) That the REIT, the Fund Manager, Property Manager, and Property Valuer, as well as the directors and principal officers of these parties comply with the Fit and Proper Rule as provided under the REIT Act and its IRR; q) That the Property Valuer complies with the criteria under the REIT Act and its IRR; r) That the Valuation Report complies with the requirements provided under the REIT Act and its IRR;
	7. Sworn Transfer Agent's Certification to the effect that, upon filing of application for listing, it has no backlog in the transfer and registration of shares.
	8. Background on the top 20 stockholders. In case of corporate stockholders indicate its nature of business, capital structure (subscribed and paid-up), ownership structure and key officers.
	9. Audited financial statements for the last three fiscal years of the corporation and/or its subsidiaries or income-generating real estate assets.
	10. Interim financial statements as of fiscal quarter immediately preceding the filing of the listing application.
	11. REIT Plan prepared in compliance with the requirements of the REITAct and its IRR. (The Plan should be submitted in 25 copies 7 calendar days prior to its presentation to the PSE Board of Directors).
	12. Detailed work program of the application of the proceeds, the corresponding

DATE SUBMITTED	REQUIREMENTS
	timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were finance by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project.
	13. Basis and/or computation of the offer price range.
	14. Certified True Copies of all material contracts as defined in the REITAct and its IRR entered into by the corporation with a tabular summary indicating therein the date, type of contract, parties involved and particulars of the contract (including considerations received by the corporation).
	15. Public Ownership Report (POR) form duly accomplished by an authorized officer of the REIT. Form may be submitted upon determination of final number of Offer Shares or at least one week prior to the listing date of the REIT's shares.
	16. Certified true copy of the Valuation/Property Appraisal Report prepared by at least one (1) independent appraiser duly licensed by the SEC and accredited by the Exchange, in determining the value of its assets. When required by the Exchange, the applicant company shall engage the services of two (2) independent appraisers duly accredited by the Exchange in determining the value of their real estate assets.
	17. Background information on the Fund Manager, Property Manager and Property Valuer, including but not limited to: a) capital structure, b) ownership structure, c) key officers and members of the board of directors, d) audited financial statements for the last five (5) years;
	18. Certified True Copy of the Dividend Distribution Plan originally signed by an authorized representative of the REIT;
	19. Certified True Copy of all applicable Transfer Certificate Title ("TCT") with a corresponding table summarizing the details of such TCTs;
	20. Certified True Copy of all applicable Insurance Contracts;
	21. Documentary requirements relative to the Fund Manager as provided under the REITAct such as: a) Agreement/contract between the REIT and the Fund Manager; and b) Sworn corporate secretary's certificate attesting to the approval by the REIT's board of directors of the appropriate resolutions for the (i) appointment of the Fund Manager, (ii) establishment of the account, and (iii) designation of signatories to the account.
	22. Certified true copy of the Agreement between the REIT and the Property Manager as provided under the REIT Act and its IRR;
	23. Other documents which may be required by the Exchange, including but not limited to updates on previous documents submitted.

The applicant company shall comply with the following procedures:

1. The applicant company shall submit two (2) printed copies of each required document: one (1) original copy, or when specified, certified true copy; and one (1) photocopy of each document. The printed copies must be bound in the order as indicated in the checklist, and must be properly tabbed;

2. The applicant company shall submit a CD or DVD containing a scanned copy of each required document in **.pdf format**. The filename for each .pdf file must clearly indicate the type of document (e.g., Application for Listing of Stocks, Articles of Incorporation, Background of Top 20 Stockholders, etc.). The CD or DVD must be properly labeled with the applicant company's name, type of listing application and date of filing.

3. For an application covering an initial public offering, listing by way of introduction, follow-on public offering or stock rights offering, the applicant company shall submit a soft copy of the draft prospectus in **MS Word** or **.doc format**.

4. The applicant company shall submit a sworn corporate secretary's certification certifying (i) that the photocopies submitted are true copies of the original documents; and (ii) that the hard copies and soft copies are identical.

5. Should the applicant company be required to submit any additional document after the listing application is officially filed, steps 1 and 2 above shall be observed unless the Exchange specifies that the soft copy of the additional required document may be submitted through electronic mail.

PSE Forms/IPO

MEMORANDUM No.2010-0203

The Philippine Stock Exchange, Inc.

____	Disclosures	____	Stockholders' Meeting	Others:	**Amended Rule on Lodgment of Securities**
____	Dividend Notice	____	SEC / Gov't Issuance		
____	Stock Rights Notice	____	Transfer Agent's Notice		

To : **ALL LISTED COMPANIES**

Subject : **AMENDED RULE ON LODGMENT OF SECURITIES IMPLEMENTATION OF THE ELECTRONIC LODGMENT OF ALL REGISTERED SECURITIES**

Date : **May 4, 2010**

This is with reference to Memorandum Nos. 2009-0218 dated April 15, 2009, 2009-0320 dated June 24, 2009 and 2009-0472 dated October 21, 2009 with respect to the amended rule on lodgment of securities under Section 16 of Article III, Part A of the Revised Listing Rules. For ready reference, a copy of the amended rule is attached as Annex "A" and a copy of the procedures of the Philippine Depository and Trust Corporation ("PDTC") to facilitate the implementation of the said rule is attached as Annex "B".

Please be reminded that, as previously announced, existing listed companies are mandated to comply with the amended rule starting **July 1, 2010**. In view thereof, the Exchange urges all listed companies to coordinate with your respective transfer agents and establish internal procedures to comply with the amended rule. Please refer to the attached PDTC procedures (Annex "B"), which provides, among others, the specific activities to be undertaken by your respective transfer agents.

For any questions or clarifications on the PDTC procedures, listed companies may get in touch with PDTC through **Ms. Teresa Napilay** at **telephone no. 884-5034** or via **email at tere_napilay@pds.com.ph**.

For your information and guidance.

ROEL A. REFRAN
VP – General Counsel and
Concurrent Head, Issuer Regulation Division

Finance / Corporate Services	Market Regulation Division	Issuer Regulation Division	Market Operations/IT	Capital Markets Dev't. Division	CEO / OGC
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

ARTICLE III
EQUITY SECURITIES

PART A
GENERAL REQUIREMENTS FOR INITIAL LISTING

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Section 16. Lodgment of Securities - As a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the Philippine Depository and Trust Corporation (PDTC), or any other entity duly authorized by the Commission, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the Securities Regulation Code. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the following:

(a) Sworn corporate secretary's certificate stating that all the securities have been issued in uncertificated form in accordance with the requirements of Section 43 of the Securities Regulation Code and electronically lodged with the PDTC or any other authorized entity without any jumbo or mother certificate; and

(b) Written confirmation issued by the transfer agent confirming that it has the capability and capacity to handle the issuance and transfer of uncertificated securities; and

(c) Written confirmation issued by PDTC or any other authorized entity confirming the electronic lodgment of the applicant's securities.

The above requirements shall also apply to follow-on offerings and additional listing applications.

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THE PHILIPPINE STOCK EXCHANGE, INC.

Francisco Ed. Lim
President and CEO

Roel A. Refran
VP and General Counsel

SECURITIES AND EXCHANGE COMMISSION

Vicente Graciano P. Felizmenio, Jr.
OIC, Market Regulation Department

PDS Group
Philippine Dealing System Holdings Corp. & Subsidiaries

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
1226 Makati City, Philippines
Main: +63 2 884 5000
Fax: +63 2 884 5098/99

October 16, 2009

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Center
4/F, Ortigas Center
Pasig City

Attention: **MS. MARCIA RESURRECCION**
Head of Listings Department

Re: **Conversion of PSE-listed Companies to the No-Jumbo Rule**

Gentlemen:

We are pleased to provide you with the relevant procedures to facilitate the implementation of the SEC-approved PSE rule on the use of uncertificated securities for shares lodged with the Depository ("no jumbo" rule).

Annex	Description
1	No-Jumbo Conversion Procedures
2	No-Jumbo Lodgment Procedures
3	No-Jumbo Uplift Procedures
4	No-Jumbo Reconciliation Procedures

Kindly disseminate these to the listed companies. We enjoin all listed companies to adopt the "no jumbo" rule immediately in order for the market to start reaping its benefits.

Conversion Period
The actual period for completing the conversion process (Annex 1) of a particular listed company shall largely depend on the number of PCNC jumbo certificates and Stock Assignments to be verified and cancelled by the Transfer Agent. For less liquid issues, this could take only a couple of days but for highly liquid issues, the process could take weeks. We propose setting a maximum of 30 business days for all issues so Transfer Agents would also be able to plan accordingly.

Daily Confirmation of PCNC Holdings
Under the "no jumbo" environment, we would need to obtain the TA's confirmation of PCNC balances on a daily basis on top of their confirmation per lodgment or uplift transaction. This enables us to run a daily reconciliation process which is aligned with other scripless issues, such as Government Securities.

Where a TA is unable to comply with the requirement to provide PDTC with the balances of PCNC (Filipino & Foreign) on a daily basis under Annex 4, we shall require the Transfer Agent to obtain a written conforme from its Issuer duly acknowledging the incremental risk of not being reconciled with the Depository on a daily basis.

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We trust that the foregoing is sufficient to enable PSE to proceed with the implementation of its "no jumbo" rule. Please feel free to call me if you have further questions on this matter.

Very truly yours,

NELLIE C. DAGDAG
Managing Director for Operations & Technology

Copy furnished: Atty. Francis Ed. Lim, PSE President

ANNEX 1

PDTC
NO-JUMBO CONVERSION PROCEDURES

ACTIVITY	ASSIGNED TO	REMARKS
1. Prepare and deliver Transmittal Letter (TL) to surrender all PCNC jumbo certificates and Stock Assignments of a particular Issue back to its Transfer Agent together with the pertinent cancellation fee.	PDTC	• Attach a detailed list of jumbo certificates and Stock Assignments • Indicate total holdings balance (Filipino & Foreign) per PDTC system
2. Acknowledge receipt of TL and return acknowledgment copy of the TL to PDTC	Transfer Agent	
3. Verify jumbo certificates/Stock Assignments submitted for cancellation	-do-	
4. Immediately notify PDTC of defective certificates/Stock Assignments	-do-	Upon verification of certificates/Stock Assignments delivered
5. Correct defect, as applicable	PDTC	Within 10 business day after notification from TA. If the defect could not be readily remedied, the TL should be amended to reflect the good quantity only.
6. Send confirmation of cancellation and confirmation of outstanding PCNC holdings balance (Filipino & Foreign)	Transfer Agent	Depends on the number of jumbo certificates and Stock Assignments surrendered but should be no later than 30 business days from receipt of PDTC conversion TL
7. Reconcile with PDTC system records and coordinate with TA for any reconciling item	PDTC	

ANNEX 2

PDTC
NO-JUMBO LODGMENT PROCEDURES

ACTIVITY	*ASSIGNED TO*	*REMARKS*
1. Prepare direct transfer (DT) instruction for securities to be lodged to the Depository	PDTC Participant	Transferee of securities is PCD Nominee Corp. Indicate on the DT the nationality whether Filipino or non-Filipino. Also indicate on the DT that confirmation of the validity of the securities and the release of the certificate shall be to PDTC.
2. Enter Lodgment Report (LR) instruction in the System for the total no. of shares indicated in DT, with DT date as reference for securities being lodged.	-do-	If subsequently advised by TA of defects in DT and the defects can not be readily remedied, the LR should be amended to reflect the good quantity only.
3. Generate LR	-do-	
4. Deliver DT, LR and certificates/SA to Transfer Agent (TA)	-do-	Pay cancellation and issuance fees to Transfer Agent
5. Acknowledge receipt of DT	Transfer Agent	
6. Verify securities submitted for cancellation	-do-	Within 3 business days after receipt of DT/LR
7. Immediately notify PDTC Participant of defective securities	-do-	Upon verification of securities delivered
8. Correct defect	PDTC Participant	Within 1 business day after notification from TA. If the defect could not be readily remedied, the LR should be amended to reflect the good quantity only.
9. For ONLINE TAs: Confirm lodgment of good securities directly into the PDTC System	Transfer Agent	TA's online confirmation serves as the Registry Confirmation Advice
10. For TAs without PDTC System access: a. Prepare and send Registry Confirmation Advice to PDTC; and b. Input lodgment confirmation into PDTC System	 Transfer Agent PDTC	The Registry Confirmation Advice must include info on LR# and DT#.

ANNEX 3

PDTC
NO-JUMBO UPLIFT PROCEDURES

Version Sept. 2009

ACTIVITY	ASSIGNED TO	REMARKS
1. . Enter Uplift Request (UR) instruction in the PDTC System	PDTC Participant	Should include the kind, class and quantity of securities; and relevant details on the registrant/s i.e., citizenship, complete address, old/new client, & with/without specimen signature card (SSC)
2. Generate 2 copies of the UR and sign	-do-	
3. Deliver 2 copies of the UR to PDTC together with the docs/SSC for new stockholders and payment for TA fees	-do-	Payments should be via check payable to PCD Nominee Corp.
4. Verify signature on UR versus SSC of Participant on file	PDTC	If signature variance is noted, PDTC returns UR to Participant for correction
5. Acknowledge receipt of UR and give one copy of UR to Participant.	-do-	
6. Tag UR as received in the PDTC System.	-do-	Holdings pertaining to tagged URs are earmarked in the system.
7. Generate transmittal letter and deliver to TA	-do-	Per published weekly schedule
8. Verify documents submitted with TL/UR	Transfer Agent	
9. Inform PDTC of any defect in the TL/UR	-do-	PDTC shall tag as "Defective" the URs in the system and advise Participants of the defects upon receipt of TA notification. Defective URs will not be deducted from the total holdings of PCNC.
10. Submit correction to defects (e.g., SSC) or advise PDTC if Participant intends to cancel the uplift altogether	PDTC Participant	Correcting documents are delivered to PDTC. PDTC tags the UR for resubmission for inclusion in the next regular TL processing.
11. For ONLINE TAs: Confirm uplift directly into the PDTC System	Transfer Agent	TA's online confirmation serves as the Registry Confirmation Advice
12. For TAs without PDTC System access: a. Prepare and send Registry Confirmation Advice to PDTC; and b. Input uplift confirmation into PDTC System	Transfer Agent PDTC	The Registry Confirmation Advice must include info on TL# and UR#.
13. Issue new stock certificates for the uplifted shares	Transfer Agent	
14. Coordinate with TA on availability of "uplifted" stock certificates for pick-up	PDTC	Uplifted certificates are safe kept by PDTC until claimed
15. Pick up stock certificate at PCD	PDTC Participant	

ANNEX 4

PDTC
NO-JUMBO RECONCILIATION PROCEDURES

ACTIVITY	*ASSIGNED TO*	*REMARKS*
1. Send statement of outstanding PCNC holdings balance (Filipino & Foreign) to PDTC as of last business date	Transfer Agent	• No later than 12NN of the next business day • Preferably in file format via upload to eCS system or e-mail to PDTC Recon Unit
2. Reconcile with PDTC system records and coordinate with TA for any reconciling item	PDTC	

MEMORANDUM

No.2011-0105

The Philippine Stock Exchange, Inc.

____ Disclosures	____ Stockholders' Meeting	Others:	**Amendments to the**
____ Dividend Notice	____ SEC / Gov't Issuance		**Rules on Listing By**
____ Stock Rights Notice	____ Transfer Agent's Notice		**Way of Introduction**

To : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

Subject : **AMENDED RULES ON LISTING BY WAY OF INTRODUCTION**

Date : **March 9, 2011**

Please be advised that in a letter of March 3, 2011, the Securities and Exchange Commission (the "Commission") advised the Exchange that the **amendments to the Rules on Listing By Way of Introduction** (the "Amended LBI Rules") was approved by the Commission on March 3, 2011. The suspension of the Rules on Listing By Way of Introduction announced on February 18, 2010 through Memorandum No. 2010-0072 is thus considered lifted subject to the amendments approved by the Commission. We attach as Annex "1" a copy of the Amended LBI Rules duly signed by the Exchange and the Commission.

The Amended LBI Rules will take effect on **March 24, 2011.**

MARSHA M. RESURRECCION
OIC, Issuer Regulation Division

Noted by:

HANS B. SICAT
President & CEO

Finance / Corporate Services	Market Regulation Division	Issuer Regulation Division	Market Operations/IT	Capital Markets Dev't. Division	CEO / OGC
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No.688-7400/819-4408

ARTICLE III

PART H
LISTING BY WAY OF INTRODUCTION

SECTION 1. Listing by Way of Introduction – This applies to an application for listing of securities that are already issued or securities that will be issued upon listing, where no public offering will be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed, or when listing in an exchange or public offering is mandated by law or by the Securities and Exchange Commission ("SEC") or other government agencies, in the exercise of their powers under the law.

Listing of securities by way of introduction may be appropriate in the following circumstances:

(a) where securities for which listing is sought are already listed or traded or will simultaneously be listed on another stock exchange or, subject to the approval of the Exchange, ARE listed on another trading market;

(b) where the securities of an unlisted issuer are distributed by way of property dividend by a listed issuer to shareholders of that listed issuer;

(c) where a holding company is formed and its securities are issued in exchange for the securities of one or more listed issuers and the listing of the listed issuer or issuers is withdrawn at the same time as the securities of the issuer are listed;

(d) where listing of securities in an exchange is mandated by law or by the SEC, in the exercise of its powers under the Securities Regulation Code; OR

(e) where public offering of securities is mandated by law or applicable regulations; Provided, that the applicant company secures a clearance from the relevant agency stating that such agency does not object to the listing by way of introduction of the securities of the company; *Provided further*, that a company which is considered as a "closely-held corporation", as such term is defined under Section 127 (B) of the National Internal Revenue Code of 1997, is NOT qualified to list by way of introduction under this SUBSECTION (e). A SUBSIDIARY COMPANY THAT IS QUALIFIED TO LIST UNDER SUBSECTION (E) HEREOF CANNOT LIST ITS HOLDING COMPANY WHICH DOES NOT MEET THE REQUIREMENTS OF THIS SECTION.

SECTION 2. Criteria for Listing – Suitability of applicant companies applying to list their securities by way of introduction shall be based on the listing criteria and requirements established by the Exchange for initial listings.

SECTION 3. INITIAL LISTING PRICE AND FAIRNESS OPINION REQUIREMENT – A COMPANY APPLYING TO LIST ITS SECURITIES BY WAY OF INTRODUCTION SHALL DETERMINE THE INITIAL LISTING PRICE OF ITS SECURITIES ON LISTING DATE WHICH IS DULY SUPPORTED BY A FAIRNESS OPINION PREPARED BY AN INDEPENDENT AND REPUTABLE FIRM, AND IN ACCORDANCE WITH THE GUIDELINES FOR FAIRNESS OPINIONS AND VALUATION REPORTS (ANNEX "A").

THE FAIRNESS OPINION SHALL BE ATTACHED TO THE PROSPECTUS OF THE APPLICANT COMPANY AND DISCUSSED IN A SECTION OF THE PROSPECTUS. THE DISCUSSION IN THE PROSPECTUS SHALL INCLUDE A DISCLAIMER IN FAVOR OF THE EXCHANGE THAT THE PRICING/VALUATION OF THE SECURITIES TO BE LISTED WAS DETERMINED BY THE APPLICANT COMPANY.

THIS REQUIREMENT MAY NOT APPLY TO AN APPLICANT COMPANY UNDER SECTION 1 (A) IF IT CONDUCTED AN INITIAL PUBLIC OFFERING IN ANOTHER STOCK EXCHANGE SIMULTANEOUSLY, OR IF IT CONDUCTED A PUBLIC OFFERING WITHIN (6) MONTHS PRIOR TO ITS LISTING DATE, OR IF THE APPLICANT COMPANY LISTED IN ANOTHER EXCHANGE CAN DEMONSTRATE, TO THE SATISFACTION OF THE EXCHANGE, THAT THE PUBLIC OWNERSHIP LEVELS AND LIQUIDITY SUPPORT THE MARKET PRICE.

SECTION 4. Secondary Listing Requirements – Applicant companies which are already listed or intend to be listed in another stock exchange AS PROVIDED IN SECTION 1(A) HEREOF shall comply with the following requirements:

(a) THE APPLICANT COMPANY'S SECURITIES MUST BE, OR WILL BE LISTED ON A STOCK EXCHANGE WHICH IS A MEMBER OF THE WORLD FEDERATION OF STOCK EXCHANGES (WFE) OR THE ASIAN AND OCEANIC STOCK EXCHANGES FEDERATION (AOSEF), OR SUCH OTHER EXCHANGES AS APPROVED BY THE EXCHANGE.

(b) In case the applicant will simultaneously list in another exchange, the applicant company shall provide A CERTIFICATION FROM THE FOREIGN STOCK EXCHANGE of its duly received application for a proposed listing, acceptance or provisional acceptance for listing on such exchange(s) as well as the dates of such listing or proposed listing.

(c) In case the applicant company is already listed in another exchange or several exchanges, the applicant company shall SUBMIT A CERTIFICATION OF compliance with the requirements of such exchange or exchanges as well as with the requirements of the competent authority(ies) or regulatory body(ies) which regulate such company and/or its securities.

(d) Arrangements may be made between the applicant company and the Exchange with regard to the listing and disclosure requirements OF THE FOREIGN STOCK EXCHANGE. The applicant company shall also make other arrangements for simultaneous disclosure and filing by facsimile or

electronic means, of any information or material required to be filed or disclosed to the foreign exchanges. The Exchange shall ensure that NONE of these arrangements contravene the Securities Regulation Code, its Implementing Rules and Regulations AND THE RULES OF THE EXCHANGE.

SECTION 5. LOCK-UP REQUIREMENT – A COMPANY THAT APPLIES TO LIST BY WAY OF INTRODUCTION SHALL BE SUBJECT TO THE FOLLOWING LOCK-UP REQUIREMENT:

(A) AN APPLICANT COMPANY UNDER SECTIONS 1(A), 1(B) OR 1(C) HEREOF SHALL BE SUBJECT TO THE PRESCRIBED LOCK-UP REQUIREMENT IN ACCORDANCE WITH THE APPLICABLE BOARD PROVIDED UNDER ARTICLE III, PART D, SECTION 7 FOR FIRST BOARD LISTING, ARTICLE III, PART E, SECTION 2(K) FOR SECOND BOARD LISTING, AND ARTICLE III, PART F, SECTION 2(H) FOR SMALL & MEDIUM ENTERPRISES BOARD OF THESE RULES.

(B) AN APPLICANT COMPANY UNDER SECTIONS 1(D) AND 1(E) HEREOF SHALL CAUSE ITS EXISTING STOCKHOLDERS OR SECURITY HOLDERS WHO OWN AT LEAST 10% OF THE ISSUED AND OUTSTANDING SHARES OF STOCK OR SECURITIES OF THE APPLICANT COMPANY, TO ENTER INTO AN ESCROW AGREEMENT WITH AN ESCROW AGENT NOT TO SELL, ASSIGN OR IN ANY MANNER DISPOSE OF THEIR SHARES OR SECURITIES FROM THE INITIAL LISTING DATE UNTIL ONE HUNDRED EIGHTY (180) DAYS AFTER IT CONDUCTS A PUBLIC OFFERING. THE IMPLEMENTATION OF SUCH LOCK-UP MUST BE IN ACCORDANCE WITH ARTICLE III, PART A, SECTION 17 OF THESE RULES.

SECTION 6. LIFTING OF THE TRADING BAND – THE TRADING BAND ON THE APPLICANT COMPANY'S SECURITIES TO BE LISTED SHALL BE LIFTED ON THE LISTING DATE IN ORDER TO ALLOW MARKET FORCES TO DETERMINE THE PRICE OF THE SECURITIES OF THE APPLICANT COMPANY. AFTER THE LISTING DATE, THE TRADING BAND SHALL BE REINSTATED.

SECTION 7. Post-Listing Requirement – An Issuer whose securities are listed by way of introduction pursuant to SECTIONS 1(d) or 1(e) hereof, shall undertake a public offering within one (1) year from listing of its securities in the Exchange, and comply with the minimum public ownership requirement of the Exchange. AT THE TIME OF INITIAL LISTING, THE ISSUER SHOULD DISCLOSE THE INDICATIVE TERMS AND THE TIMETABLE OF ITS PUBLIC OFFERING. Notwithstanding the foregoing, the Exchange may require the Issuer to undertake the public offering at any time within the one-year period should there be a significant demand for the securities thereof. The required public offering shall be in accordance with the "Distribution of Initial Public Offering Shares Through the Exchange" under Part G, Article III of the Revised Listing Rules.

SECTION 8. Consequences for Non-Compliance with the Post-Listing Requirement – In the event the Issuer is unable to conduct the required public offering within the one-year period prescribed by Section 7 hereof, the Exchange shall IMPOSE ANY ONE OR A COMBINATION OF THE FOLLOWING SANCTIONS, AT THE DISCRETION OF THE EXCHANGE:

(i) suspend the trading of the Issuer's securities;

(ii) sanction the Issuer by, among others, doubling the annual listing maintenance fees payable by the Issuer; or

(iii) SUBJECT TO THE PROVISIONS OF THE CORPORATION CODE AND THE RULES AND REGULATIONS OF THE SEC, require the Issuer to buy-back its securities WITHIN NINETY (90) DAYS FROM THE LAPSE OF THE ONE-YEAR PERIOD and delist the Issuer's securities from the official registry of the Exchange WITH PRIOR WRITTEN NOTICE TO THE ISSUER AND WITHOUT NECESSITY OF A HEARING. In case of a buy-back, the PSE shall require the company to employ an independent party to conduct A valuation of the class of securities of the company that are to be delisted, WHICH IS IN ACCORDANCE WITH THE GUIDELINES FOR FAIRNESS OPINION AND VALUATION REPORTS.

SECTION 9. PROHIBITION ON BACKDOOR LISTING – A COMPANY THAT LISTED BY WAY OF INTRODUCTION UNDER SECTIONS 1(D) AND 1(E) HEREOF IS PROHIBITED FROM DOING A BACKDOOR LISTING UNTIL AFTER IT CONDUCTS A PUBLIC OFFERING. THE EXCHANGE MAY DELIST A COMPANY WHICH UNDERTOOK A BACKDOOR LISTING AND WHICH DID NOT CONDUCT A PUBLIC OFFERING.

SECTION 10. Applicable Fees – Applicant companies seeking listing of their securities by way of introduction shall pay the initial listing fee, processing fee, annual listing maintenance fee and other exchange fees, such as the additional listing fee for the public offering, in accordance with the schedule of fees released by the Exchange and in effect as of the filing of the corresponding application.

THE PHILIPPINE STOCK EXCHANGE, INC.

HANS B. SICAT
President & CEO

JOSELITO V. BANAAG
General Counsel

SECURITIES AND EXCHANGE COMMISSION

JOSE P. AQUINO
Director
Market Regulation Department

Guidelines for Fairness Opinions and Valuation Reports

I. Scope

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 and other similar transactions. As announced in Memo for Brokers No. 398-2007 dated August 29, 2007 and under the revised rules on listing by way of introduction, an applicant company is required to submit a fairness opinion covering the valuation of the shares subject of the listing application. Such fairness opinion must be supported by a valuation report(s).

II. Guidelines for Fairness Opinions and Valuation Reports

1. The fairness opinion and valuation report(s) on the subject shares must be issued by an independent Firm which includes investment banks, financial advisory firms, and accounting firms under Group 'A' Category, duly registered or licensed by the Securities and Exchange Commission ("SEC") and accredited by the Exchange. The criteria for accreditation, for which a checklist will be provided by the Exchange, are provided under Item III of these Guidelines.

2. The Firm is not considered independent if:

    a. It is a related party, as defined in the Revised Listing Rules of the Exchange ("Rules"), to the applicant company;

    b. Its holding or subsidiary company provides financial advisory in relation to the applicant company's listing application, or external audit services to the applicant company; and

    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).

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.

The fairness opinion and valuation report shall be supported by a sworn certification issued by the applicant company's legal counsel certifying the Firm's independence.

3. An applicant company shall submit one fairness opinion issued by an independent Firm and supported by a valuation report. The said supporting valuation report may be based on and/or supported by relevant valuation reports issued by different independent experts who are qualified to issue the report under any applicable accreditation or implementing guidelines of the Exchange, such as, but not limited to, property appraisal companies and mining professionals.

4. The fairness opinion and valuation report must disclose the scope of work and valuation approach used. A copy of the service agreement or mandate letter shall be attached as an annex to the report.

5. The valuation report, which supports the fairness opinion, shall cover the valuation of the subject shares of the listed company and the consideration under the transaction covered by the listing application. Such consideration may include the following:

    a. In a share-for-share swap, shares of the counterparty;

    b. In a property-for-share swap, property owned by the counterparty. In cases of a real estate property, an accredited property appraisal company must issue a valuation report covering the subject real estate property in accordance with the Rules;

    c. In a debt-to-equity conversion transaction, the debt which will be converted to the applicant company's shares. In this case, the relevant audited financial statements or external auditor's report on actual findings must be attached to the valuation report.

6. The valuation report, which supports the fairness opinion, shall include, at a minimum, the following information:

    a. All material details and comprehensive explanation on the basis of the valuation and assumptions used. Copies of any supporting documents used as basis or reference must be attached to the valuation report which may be made available to limited parties from the Exchange, if requested.

    b. At least two (2) relevant valuation methodologies must be presented in the valuation report. The valuation report must include a description and explanation of the valuation methodologies adopted.

    c. Structure, condition and analysis of the relevant market and/or industry of the applicant company.

7. The date of the fairness opinion and valuation report must not be more than three (3) months before the date on which (i) an offering prospectus is issued; (ii) the transaction involving the subject shares is executed; or (iii) the stockholders' meeting is held where the transaction involving the subject shares is presented for approval.

8. These Guidelines will form part of the Listing and Disclosure Rules of the Exchange.

III. Criteria for Accreditation

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.

1. The Firm must be duly registered or licensed by the SEC. For accounting firms, its accreditation with the SEC should be under the Group 'A' Category.

2. The Firm, or its local or international affiliate, must have at least five (5) years of business operations.

3. A majority of the members of the Firm's top management and/or division heads must each have a minimum of ten (10) years experience in the Firm's business, including underwriting, investment and financial advisory services.

4. The Firm must demonstrate that its key personnel are qualified to prepare valuation reports and issue fairness opinions. They must identify relevant industry experience in their list of individual qualifications.

5. The FIRM must submit a description or summary of its General Engagement Operating Guidelines or Risk Management Procedures. The Firm must demonstrate that it has effective quality controls and procedures to ensure the integrity of fairness opinions and valuation reports. The valuation report and/or fairness opinion issued by the Firm shall indicate that, in the preparation of such report/opinion, the Firm relied on available information and records, including but not limited to the representation of the applicant company, audited financial statements, competent person's reports, regulatory agency's reports and such other relevant supporting documents.

6. The FIRM must have a proven track record of valuing securities. The FIRM must show proof of a steady client base and at least five (5) engagements to render financial valuation services to listed companies in the Exchange and other reputable stock exchanges, commercial banks and insurance companies for the past five (5) years.

7. The FIRM or its directors or its executive officers must not be subject to any act or case that will pose a serious question on the FIRM's, directors', or executive officers' integrity or capability to provide services to listed companies. A serious question exists relative to the above parties if, during the past (5) years any of the following events occurred.

    (i) Any petition for insolvency was filed by or against the FIRM or its directors or its executive officers;

    (ii) Any conviction by final judgment in a criminal proceeding for an offense involving moral turpitude, domestic or foreign, including a *nollo contendere* case, or being subject to a pending criminal proceeding for an offense involving moral turpitude, domestic or foreign, excluding traffic violations and other minor offenses;

(iii) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

(iv) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgement has not been reversed, suspended, or vacated.

8. The FIRM must have a minimum paid-up capital of Php10 million.

MEMORANDUM

Supplemental Rule "6"

No.2010-0505

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer Systems Update
_____	Membership Rules	_____	Administrative Matters
x	Listing Rules	_____	Others:

TO : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

SUBJECT : **RULE ON MINIMUM PUBLIC OWNERSHIP**

DATE : **OCTOBER 28, 2010**

Please be informed that the Securities and Exchange Commission ("SEC") approved the reinstatement of and amendments to the Rule on Minimum Public Ownership (the "Rule") under Section 3, Article XVIII on the Continuing Listing Requirements of the Listing and Disclosure Rules.

For the information and guidance of the investing public and market participants, and for strict compliance by listed companies, we attach as Annex "A" the official copy of the Rule and its annex.

The amended Rule on Minimum Public Ownership shall take effect on **November 30, 2010**.

VAL ANTONIO B. SUAREZ
President & CEO

Finance / Admin / Membership	Market Regulatory Division	Issuer Regulation Division	Information Technology Division	Capital Markets Dev't. Division	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

Supplemental Rule "6"

ANNEX "A"

Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, East Greenhills, Mandaluyong City

MARKET REGULATION DEPARTMENT

October 21, 2010

PHILIPPINE STOCK EXCHANGE INC.
PSE Plaza
Ayala Triangle
Makati City
Fax: 891-4100

Attention: Atty. Joselito Banaag, General Counsel

Gentlemen:

Attached are two (2) copies of the approved ***PSE Rules on Minimum Public Ownership (public float)***, bearing the signatures of PSE representatives and countersigned by the Director, Market Regulation Department, SEC.

Very truly yours,

JOSE P. AQUINO
Director

ARTICLE XVIII

CONTINUING LISTING REQUIREMENTS

XXX

SECTION 3. Minimum Public Ownership.

(a) Listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the Exchange. The Exchange may impose a higher percentage effective upon receipt by the Commission of written notice of such increase. The Exchange may decrease the percentage or suspend or remove the same only with prior approval from the Commission.

(b) For purposes of this section, public ownership shall be determined based on the *Guidelines in Determining the Public Ownership of Listed Companies.* Any amendment to the said guidelines shall be subject to prior approval of the Commission.

(c) A listed company shall immediately disclose to the Exchange if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the prescribed minimum percentage.

(d) Once the listed company becomes aware that the number of its listed securities in the hands of the public has fallen below the prescribed minimum percentage, the listed company shall take steps to ensure compliance at the earliest possible time, and shall immediately disclose to the Exchange such steps.

(e) A listed company shall include in its annual report a statement on the level of its public float. The statement should be based on information that is publicly available to the listed company and within the knowledge of its directors as at the end of the fiscal year, or at the latest practicable date, prior to the issuance of the annual report.

(f) Listed companies shall disclose within fifteen (15) trading days after the end of each quarter a public ownership report.

(g) Except in cases where the percentage of listed securities held by the public is 0.1% or less, a listed company that does not comply with the prescribed minimum percentage shall be allowed a grace period of twelve (12) months to comply.

(h) If a listed company is not able to comply with the prescribed minimum percentage after the 12-month grace period, the Exchange shall charge additional Annual Listing

Maintenance Fees (ALMF)[1] calculated based on the percentage shortfall in the public float and the period of non-compliance, as follows:

Public Float Shortfall	No. of Years of Non-Compliance beyond the 12-Month Grace Period		
	1	2	3
Up to 5% or one half of the prescribed minimum	ALMF x 2.00	ALMF x 2.25	ALMF x 2.50
More than 5% or one half of the prescribed minimum[2]	ALMF x 2.50	ALMF x 2.75	ALMF x 3.00

(i) Immediately after the 36th month of non-compliance succeeding the grace period of twelve (12) months, the Exchange shall impose a trading suspension on the listed company's securities and delisting procedures shall be initiated.

X X X

THE PHILIPPINE STOCK EXCHANGE, INC.

VAL ANTONIO B. SUAREZ
President & CEO

JOSELITO V. BANAAG
General Counsel and
OIC, Issuer Regulation Division

SECURITIES AND EXCHANGE COMMISSION

JOSE P. AQUINO
Director
Market Regulation Department

[1] The current ALMF structure is:
1/100 of 1% of market capitalization but in no case to be less than P250,000.00 nor more than P2,000,000.00 for each listed company.
However, the ALMF for companies listed under the SME Board is P100.00 for every P1million market capitalization, but in no case shall be less than P50,000.00 nor more than P250,000.00.
A sample computation of the additional ALMF charged to the non-compliant company:
Company A: Year 1 after grace period; market capitalization of P10 billion; public float shortfall of 8%.

ALMF	P2,000,000.00
Additional ALMF	ALMF x 2.50
ALMF charged to Company A	P5,000,000.00

Company A: Year 2 after grace period; market capitalization of P10 billion; public float shortfall of 5%.

ALMF	P2,000,000.00
Additional ALMF	ALMF x 2.25
ALMF charged to Company A	P4,500,000.00

[2] Provided, however, that where the public float is 0.1% or less, the applicable rules on involuntary delisting shall immediately be implemented by the Exchange.

GUIDELINES IN DETERMINING THE PUBLIC OWNERSHIP OF LISTED COMPANIES

The categorization of shareholdings into public and non-public shall be guided by the evaluation of the following:

a. Amount of shareholding and its significance to the total outstanding shares
b. Purpose of investment
c. Extent of involvement in the management of the company

Non-Public

If investment is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then these shareholdings are considered non-public.

Significant holding is 10% or more of the total issued and outstanding shares, in which case, these shares are non-public.

Public
Generally, shares of the following are available for trading:

a. Individuals – shares which are not of significant size and which are non-strategic in nature
b. Trading Participants – shareholdings which are non-strategic in nature
c. Investment funds and mutual funds
d. Pension Funds – shares in employee pension funds which are not of the employing company, or its affiliates
e. PCD Nominee – if this account constitutes a number of shareholders, none of which has significant holdings, this is considered public shares. However, if one shareowner under PCD Nominee has shareholding that is 10% or more of the total issued and outstanding shares, then, this particular shareowner should be included under Principal Stockholder.
f. Social Security Funds

DEFINITIONS

Directors
Under the Corporation Code, a director is anyone owning at least (1) share of the capital stock of the corporation of which he is a director and is elected as such in a meeting where owners of the majority of the outstanding capital stock are present, either in person or by representatives authorized to act by written proxy.

The Amended Implementing Rules and Regulations of the Securities Regulation Code (IRR), under Rule 38, further defines an "independent director" as follows:

> "As used in Section 38 of the Code, independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:
>
> A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
>
> B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;
>
> C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;

D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

F. Is not retained, either personally or through his firm or any similar entity, as a professional adviser, by that covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years; or

G. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or though a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial

Officers

Under the Corporation Code, the President, Secretary and Treasurer are specifically mentioned as officers of a corporation. The Board of Directors of a corporation may elect such other officers as may be provided for in the corporation's by-laws.

Principal/Substantial stockholders

IRR Rule 23 defines a principal stockholder as any person who is directly or indirectly the beneficial owner of 10% or more of any class of any security of a company which satisfies the requirements of Subsection 17.2 of the SRC Code.

Affiliate

Under the Revised Listing Rules of the Exchange, an affiliate means 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.

Others (Non-Public Shares)

Shareholdings of the following are considered non-public shares under the circumstances provided therein:

Government – Government-run social security funds, SSS and GSIS, are considered non-public shares if acquisition of such shareholdings are made with the intention of acquiring significant influence over the management of that company; otherwise, they are public shares.

Banks -- Shareholdings by banks are generally considered non-public, except those shares held in trust on behalf of third parties, which are readily available to the public.

Employees -- Shares of a company, its subsidiaries and affiliates, which are held by its employees through employee-sponsored plans for the following purposes are considered non-public:

a. Retirement
b. Savings Plans
c. Incentive Compensation Programs
d. Employee Pension Funds

Lock-Up Shareholdings – Shares that are locked-up are non-public. Upon the termination of the lock-up period, these shares shall be classified as public or non-public based on the nature of the shareholder.

MEMORANDUM

CN - No. 2012-0003

The Philippine Stock Exchange, Inc.

_____ Trading Rules	_____ Computer Systems Update
_____ Membership Rules	_____ Administrative Matters
_____ Listing Rules	__X__ Others: **Amendments to the MPO Rules**

To : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

Subject : **AMENDED RULE ON MINIMUM PUBLIC OWNERSHIP**

Date : **January 3, 2012**

Please be advised that in a letter dated December 22, 2011 and received by the Exchange on December 29, 2011, the Securities and Exchange Commission (the "Commission") informed the Exchange that the Commission approved the Exchange's proposed amendments to the PSE Rule on Minimum Public Ownership (the "Amended MPO Rule") on December 19, 2011 with modifications.

We attach as Annexes "A" and "B," respectively, the letter of the Commission dated December 22, 2011 and the official copy of the Amended MPO Rule duly signed by the Exchange and the Commission.

As directed by the Commission, the Amended MPO Rule took effect on January 1, 2012.

MARSHA M. RESURRECCION
Head, Issuer Regulation Division

Noted By:

HANS B. SICAT
President & CEO

					VVV
Finance	Market Regulatory Division	Issuer Regulation Division	TD/ MOD	Capital Markets Dev't. Division	Office of the General Counsel
Tel. No.688-7561	Tel. No. 688-7541	Tel. No. 688-7510	Tel. No. 688-7480/819-4430	Tel. No. 688-7534	Tel. No. 688-7413

ANNEX "A"

Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City
Market Regulation Department

atty. Vay
cc: Mercedes Ferrer

December 22, 2011

The Philippine Stock Exchange, Inc.
Office of the General Counsel
RECEIVED
DEC 29 2011

PHILIPPINE STOCK EXCHANGE INC.
PSE Plaza, Ayala Triangle
Makati City
Fax: 891-9004

Attention: Mr. Hans B. Sicat, President & CEO

Gentlemen:

Please be informed that the Commission, in its executive session held on 19 December 2011, resolved to APPROVE PSE's proposed amendments to the Rules on Minimum Public Ownership, with modifications, as follows:

> "(**f**) Listed companies shall disclose within fifteen (15) calendar days after the end of each quarter a public ownership report.
>
> (**g**) Companies which are non-compliant with MPO as of December 31, 2011, may be allowed a grace period to comply with the MPO. The grace period shall be reckoned from the date of effectivity of these amendments and shall not exceed twelve (12) months but not beyond December 31, 2012.
>
> (**h**) Listed companies other than those under paragraph (g) that are non-compliant with the MPO may be allowed a grace period to comply with the MPO to be reckoned from either: (i) the date when the listed company makes a disclosure that its public ownership level has fallen below the MPO prescribed by the Exchange; or (ii) when the listed company submits its quarterly Public Ownership Report which shows that the listed company has not complied with the MPO requirement, whichever comes earlier, and such grace period shall not exceed twelve (12) months but not beyond December 31, 2012.
>
> (i) Immediately after the grace period, the Exchange shall impose a trading suspension for a period of not more than six (6) months.

The Philippine Stock Exchange, Inc.
Office of the President
RECEIVED
DEC 29 2011

If after the lapse of the suspension period, a listed company remains non-compliant with the MPO, it shall be automatically delisted.

(j) Listed companies which become non-compliant with the MPO on or after January 1, 2013 shall be suspended from trading for a period of not more than six (6) months and shall be automatically delisted if it remains non-compliant with the MPO after the lapse of the suspension period.

(k) The Involuntary Delisting Rules of the Exchange will not apply to the delisting of the listed company's securities covered by these rules on MPO but the five (5)-year prohibition on relisting shall apply.

(l) In cases falling under paragraph (h) of these rules, a listed company which is non-compliant with the MPO may apply with the Exchange for an extension of the grace period or in cases under paragraph (j) for granting of a grace period.

The Exchange, after determining that the shortfall in the public ownership in any of said cases is due to justifiable causes and the listed company has a concrete program to restore the public ownership level to the required percentage, may recommend to the Commission for approval the extension of the grace period or granting of a grace period for such reasonable period. For purposes of these rules, justifiable causes may include tender offer and merger and acquisition transactions.

(m) A company that undergoes voluntary delisting on the ground of non-compliance with these rules must conduct, either by itself or through its controlling shareholder(s), a tender offer to all stockholders of record. The Exchange shall allow a voluntary delisting if the company demonstrates that following the acquisition of the tendered shares, the person(s) conducting the tender offer have obtained more than ninety percent (90%) of the issued and outstanding shares of the company, or such level or percentage aligned with the minimum public float prescribed by the Exchange. However, if at the time the petition for delisting is filed, the person(s) proposing the delisting beneficially own ninety percent (90%) of the issued and outstanding shares of the Company, or such level or percentage aligned with the minimum public float prescribed by the Exchange, said person(s) shall still be required to make a tender offer to all other stockholders of record."

The foregoing amendments shall take effect on January 1, 2012.

Following our procedures , you are required to submit to this office immediately four (4) copies of the approved version of the amended rules bearing the initials of two PSE officials on each page of said rules. The copies bearing the initials of PSE officials and the Director, Market Regulation Department, SEC, shall be the official copies.

Very truly yours,

VICENTE GRACIANO P. FELIZMENIO JR.
Director

ANNEX "B"

Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City
Market Regulation Department

2 January 2012

PHILIPPINE STOCK EXCHANGE INC.
PSE Plaza
Ayala Avenue
Makati City
Fax: 891-9004

Attention: Mr. Hans B. Sicat, President & CEO

Gentlemen:

Attached are two (2) copies of the approved amendments to the Rules on Minimum Public Ownership (MPO), bearing the signatures of PSE representatives and countersigned by the Director, Market Regulation Department, SEC.

Please immediately post the rules in your website.

Very truly yours,

VICENTE GRACIANO FELIZMENIO JR.
Director

Amended Rule on Minimum Public Ownership

ARTICLE XVIII

CONTINUING LISTING REQUIREMENTS

X X X

SECTION 3. Minimum Public Ownership.

(a) Listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the Exchange. The Exchange may impose a higher percentage effective upon receipt by the Commission of a written notice of such increase. The Exchange may decrease the percentage or suspend or remove the same only with prior approval from the Commission.

(b) For purposes of this section, public ownership shall be determined based on the *Guidelines in Determining the Public Ownership of Listed Companies*. Any amendment to the said guidelines shall be subject to prior approval of the Commission.

(c) A listed company shall immediately disclose to the Exchange if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the prescribed minimum percentage.

(d) Once the listed company becomes aware that the number of its listed securities in the hands of the public has fallen below the prescribed minimum percentage, the listed company shall take steps to ensure compliance at the earliest possible time, and shall immediately disclose to the Exchange such steps.

(e) A listed company shall include in its annual report a statement on the level of its public float. The statement should be based on information that is publicly available to the listed company and within the knowledge of its directors as at the end of the fiscal year, or at the latest practicable date, prior to the issuance of the annual report.

(f) Listed companies shall disclose within fifteen (15) **calendar** days after the end of each quarter a public ownership report.

(g) Companies which are non-compliant with MPO as of December 31, 2011, may be allowed a grace period to

comply with the MPO. The grace period shall be reckoned from the date of effectivity of these amendments and shall not exceed twelve (12) months but not beyond December 31, 2012.

(h) Listed companies other than those under paragraph (g) that are non-compliant with the MPO may be allowed a grace period to comply with the MPO to be reckoned from either: (i) the date when the listed company makes a disclosure that its public ownership level has fallen below the MPO prescribed by the Exchange; or (ii) when the listed company submits its quarterly Public Ownership Report which shows that the listed company has not complied with the MPO requirement, whichever comes earlier, and such grace period shall not exceed twelve (12) months but not beyond December 31, 2012.

(i) Immediately after the grace period, the Exchange shall impose a trading suspension for a period of not more than six (6) months. If after the lapse of the suspension period, a listed company remains non-compliant with the MPO, it shall automatically be delisted.

(j) Listed companies which become non-compliant with the MPO on or after January 1, 2013 shall be suspended from trading for a period of not more than six (6) months and shall be automatically delisted if it remains non-compliant with the MPO after the lapse of the suspension period.

(k) The Involuntary Delisting Rules of the Exchange will not apply to the delisting of the listed company's securities covered by these rules on MPO but the five (5)-year prohibition on relisting shall apply.

(l) In cases falling under paragraph (h) of these rules, a listed company which is non-compliant with the MPO may apply with the Exchange for an extension of the grace period or in cases under paragraph (j) for granting of a grace period.

The Exchange, after determining that the shortfall in the public ownership in any of said cases is due to justifiable causes and the listed company has a concrete program to restore the public ownership level to the required percentage, may recommend to the Commission for approval the extension of the grace period or granting of a grace period for such reasonable period. For purposes of

these rules, justifiable causes may include tender offer and merger and acquisition transactions.

(m) A company that undergoes voluntary delisting on the ground of non-compliance with these rules must conduct, either by itself or through its controlling shareholder(s), a tender offer to all stockholders of record. The Exchange shall allow a voluntary delisting if the company demonstrates that following the acquisition of the tendered shares, the person(s) conducting the tender offer have obtained more than ninety percent (90%) of the issued and outstanding shares of the company, or such level or percentage aligned with the minimum public float prescribed by the Exchange. However, if at the time the petition for delisting is filed, the person(s) proposing the delisting beneficially own ninety percent (90%) of the issued and outstanding shares of the Company, or such level or percentage aligned with the minimum public float prescribed by the Exchange, said person(s) shall still be required to make a tender offer to all other stockholders of record.

X X X

THE PHILIPPINE STOCK EXCHANGE, INC.

ARGEL G. ASTUDILLO
VP, Corporate Governance Office and
OIC, Office of the President

MARIETTA U. TAN
Vice-President
Controllership and Treasury Division

SECURITIES AND EXCHANGE COMMISSION

VICENTE GRACIANO P. FELIZMENIO, JR
Director
Market Regulation Department

CN - No. 2012-0053

MEMORANDUM

The Philippine Stock Exchange, Inc.

____	Trading Rules	____	Computer Systems Update
____	Membership Rules	____	Administrative Matters
x	Listing Rules	____	Others:

To : **THE INVESTING PUBLIC AND MARKET PARTICIPANTS**

Subject : **AMENDMENTS TO THE REPORTING REQUIREMENTS UNDER THE RULE ON MINIMUM PUBLIC OWNERSHIP**

Date : **September 28, 2012**

This is with reference to Memorandum CN – No. 2012-0003 dated January 3, 2012, announcing the effectivity of the Amended Rule on Minimum Public Ownership (the "Amended MPO Rule").

Please be advised that the Securities and Exchange Commission ("SEC") requested the Exchange to amend the required reports under the Amended MPO Rule to address the concerns of market participants and investors for more transparency and timely information on the public float levels of listed companies.

Accordingly, the Exchange made the following revisions to the Amended MPO Rule.

ARTICLE XVIII
CONTINUING LISTING REQUIREMENTS

XXX

SECTION 3. Minimum Public Ownership.

xxx xxx xxx

(c) A listed company shall immediately disclose to the Exchange **in accordance with Section 4.1 of the Revised Disclosure Rules** if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the prescribed minimum percentage.

For this purpose, all listed companies shall establish an effective procedure for monitoring of public float, which shall include, at the minimum, a computation of public float on a monthly basis.

xxx xxx xxx

MEMORANDUM

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer Systems Update
_____	Membership Rules	_____	Administrative Matters
x	Listing Rules	_____	Others:

(f) Listed companies shall submit to the Exchange a Public Ownership Report ("POR") within fifteen (15) calendar days after the end of each quarter: **Provided, That, if the public float of a listed company falls below twelve percent (12%) of its issued and outstanding shares, exclusive of any treasury shares, the listed company shall submit to the Exchange a POR within fifteen (15) calendar days after the end of each month, until such time that its public float is 12% or higher.**

These amendments shall take effect immediately in accordance with Section 40.3(c) of the Securities Regulation Code.

For your information and guidance.

HANS B. SICAT
President and CEO

Controllership/Admin	Market Operations/Technology	Issuer Regulation	Investor Relations	Capital Markets & Development	CEO / OGC
Tel. No.688-7561/7447	Tel. No. 819-4430/688-7480	Tel. No. 688-7510	Tel. No. 688-7601/819-4400	Tel. No. 688-7590	Tel. No. 688-7401/7411/7413

MEMO FOR BROKERS NO. 304-2006

The Philippine Stock Exchange, Inc.

____ Disclosures	____ Stockholders' Meeting	Others: **Rules on Backdoor Listing**
____ Dividend Notice	____ SEC / Gov't Issuance	
____ Stock Rights Notice	____ Transfer Agent's Notice	

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

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

INVOLUNTARY DELISTING

Policy on Delisting of listed securities

To ensure quality of companies listed in the Exchange and to afford additional protection to the investors, securities listed in the Exchange may be suspended from being traded or removed from the list at any time should, after due notice, the Exchange determines the issuer falls under any of the criteria listed below.

Criteria For Delisting

A listed company that is experiencing one of the following conditions shall be considered for delisting:

(a) The listed company has failed to comply with the Listing Agreement or the Listing and Disclosure Rules of the Exchange, now or hereinafter in effect, despite notice and after the lapse of the period specified;

(b) A false market exists in any securities of the issuer concemed and such false market can be attributed, whether directly or indirectly, solely to the issuer (e.g., information spread by the issuer which triggered or resulted in the active trading of the security(ies) of the issuer and the same was later found or proven to be untrue or concocted to create false market; trading of the security(ies) without actual buyer or seller);

(c) In case the trading volume of the listed company falls below the trading volume requirement of the Exchange that will be published; .

(d) Should the listed company be rendered incapable of continuing the business or accomplishing the purpose for which it was incorporated by reason of the abandonment, destruction, condemnation, seizure or expropriation of its operating assets;

(e) Whenever liquidation of the listed company's assets has been authorized, or dissolution of the listed company has been ordered by any competent authority. An

announcement by the listed company of an intent to file, or the actual filing of, proceedings for suspension of payments or under the Insolvency law, or the listed company otherwise becomes the subject of legal proceedings under the Insolvency Law shall merit an immediate suspension of the trading of security(ies) of the listed company;

(f) The stockholders' equity becomes negative;

(g) When the listed company's security registration or exemption from registration pursuant to the Securities Regulation Code is no longer effective for any reason, or its registration with the Securities and Exchange Commission has been revoked or canceled;

(h) Whenever the listed company's entire outstanding amount of a listed class, or series is to be retired through payment at maturity, or through redemption, reclassification or otherwise;

(i) The listed company repeatedly fails to make timely, adequate, and accurate disclosures of information, or fails to submit any reportorial requirement to the Exchange, its shareholders and the investing public in accordance with the Disclosure Rules of the Exchange, or willfully makes a false statement in the financial statements;

(j) Whenever it is shown that the listed company has made a purchase of its securities in violation of the requirements specified in Section 41 of the Corporation Code and other related laws; .

(k) If the listed company has failed to be in actual commercial operations within two (2) years from date of listing. A listed company shall be considered in actual commercial operation if it can show that it has valid projects with realistic timetable or executed contracts relative to its principal business; and

(I) If the listed company or its management shall-engage in operations which, under the law, are contrary to the public interest, and the continuation of listing is likely to give rise to an unacceptable risk of damage to the reputation of the Exchange.

Procedure For Delisting

Should the Listing Committee ascertain, upon recommendation of the Listings & Disclosure Group, that a listed security of a company must be removed from the list, the Exchange shall notify the company in writing, describing the basis for such recommendation and the specific criterion under which such action is based. The notice shall likewise inform the company that it is entitled to a hearing before the Listing Committee, provided, a written request is filed with the Exchange within fifteen (15) working days from receipt of said
notice.

Should the company decide not to or fail to request for a hearing within the specified period above, the Exchange shall order the delisting of the securities of the concerned company. A copy of the said Order shall be furnished to the company. One (1) Motion for Reconsideration may be filed within five (5) working days from receipt of copy of said letter. Should the period for filing said Motion lapsed or the same be denied, the Exchange shall make an announcement to all member-brokers/investing public of the order of delisting.

If a hearing is requested by the company, the same shall be held before the Listing Committee composed of at least five (5) incumbent members. Any appointed member of the said Committee who has either direct or indirect interest in common with the company the security of which is being considered for delisting is refrained or shall inhibit himself/herself from participating in deciding the case. Together with the said request, the company must likewise submit its memorandum or position paper and any other documents or evidence it deems necessary for the proper appreciation of the matter. Notices for the hearing shall be furnished to the company and the Listings & Disclosure Group at least fifteen (15) working days prior to the date of hearing.

The company and the Listings & Disclosure Group shall submit to the Office of the General Counsel of the Exchange additional documents or evidence which they deem necessary for the proper appreciation or consideration of the matter, at least ten (10) working days prior to the date of hearing to ensure the dissemination of such papers/materials to the members of the Committee and the other parties.

During the hearing, the company and the Listings & Disclosure Group of the Exchange must prove their respective cases through the presentation of testimonial evidence, and arguments before the Committee. Parties may present any witnesses they wish who shall be subject to cross-examination by the opposing side and questioning from the members of the Committee. The form and manner in which the actual hearing shall be conducted will be established by the Committee so as to ensure the orderly conduct of the proceedings. The proceedings shall be held within seven (7) working days, unless the same is extended upon mutual agreement of the parties.

After conclusion of the proceedings and deliberation on all the evidence and arguments presented, the Committee shall render a decision. The decision shall be rendered not later than fifteen (15) working days from conclusion of hearing. Only one (1) Motion for Reconsideration shall be allowed and the same must be filed within five (5) days from receipt of the copy of the decision. The decision shall become final should the period for filing of said Motion for Reconsideration lapse, or the said motion has been denied.

The decision of the Exchange may contain any of the following recommendation:

(i) to maintain the listing of said security;
(ii) temporarily suspend the trading of said security; or
(iii) remove said security from the registry of the Exchange.

Should the decision for the delisting of the security become final, the Exchange shall order the delisting of the security(ies) of the listed company. The Exchange shall likewise make an announcement relative thereto to all member-brokers/investing public.

Relisting prohibition

A company that has once been delisted cannot apply for relisting within a period of five (5) years from the time it was delisted. Directors and executive officers of a company that has been delisted are disqualified from becoming directors or

executive officers of any company applying for listing within the same period counted from the time the application for delisting was approved.

VOLUNTARY DELISTING

The Exchange will allow the delisting of the security upon request or application of the company if the following are complied with:

(a) The delisting must be approved by a majority of the Company's incumbent directors.

(b) All security holders must be notified, in a form satisfactory to the Exchange, of the proposed delisting prior to the filing of the petition.

(c) A petition for delisting must be filed with the Exchange together with proposed tender offer terms and conditions at least sixty (60) days in advance of the date when delisting shall become effective.

(d) A tender offer to all stockholders of record must be made. The Company must submit a fairness opinion or valuation report, stating that from a financial point of view of the person making such opinion/report, based upon certain procedures followed and assumptions made, the terms and conditions of the tender offer are fair.

(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 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%)

of the issued and outstanding shares of the Company, said person(s) shall still be required to make a tender offer to all other stockholders of record.

(f) The listed company applying for delisting must not have any unpaid fees or penalties.

The Order of delisting shall be prepared if after evaluation of the petition and required documents, the Exchange finds that the delisting will not prejudice the interests of the investors.

In the event that an issuer seeks the listing of a security that was once delisted, the same shall be treated as a new listing.

Voluntary Delisting Fee

A listed company applying for voluntary delisting must, upon approval of its delisting, pay the Exchange the amount equivalent to its annual listing maintenance fee for the year when the application for delisting was filed.

MEMO FOR BROKERS

No. 085-2003

Philippine Stock Exchange, Inc.

____	Disclosures	____	Stockholders' Meeting	Others:	**Substitutional**
____	Dividend Notice	____	SEC / Gov't. Issuance		**Listing**
____	Stock Rights Notice	____	Transfer Agent's Notice		

Date : **March 24, 2003**
Subject : **Rule on Substitutional Listing**

Please be informed that the Securities and Exchange Commission approved the *Rule on Substitutional Listing* of The Philippine Stock Exchange, Inc. Attached is a copy of the Rule for your information and guidance. The Rule shall take effect on **7 April 2003**.

For your information and guidance.

(Original Signed)
JOSE G. CERVANTES
Senior Vice President

RULE ON SUBSTITUTIONAL LISTING

(a) Where a listed company's listed securities are to be split, subdivided, or otherwise changed, unless specified below, the fee for listing all substituted shares in excess of the number of shares already listed shall be:

> 1/10 of 1% of the number of securities multiplied by the par value of the securities at effectivity date of the split, subdivision or change

In no case shall the listing fee be below Fifty Thousand Pesos (₱50,000.00).

(b) Where the capitalization of the listed issuer is reduced so as to result in a consolidation of shares, the fee for listing the consolidated shares shall be Fifty Thousand Pesos (₱50,000.00).

(c) Where there is to be a change in the classification or name of a listed class of shares without a change in the number of shares issued and outstanding or authorized for issuance for a specific purpose, the fee shall be Five Thousand Pesos (₱5,000.00).

(d) Where the primary and/or secondary purpose of the listed issuer is to be changed without any change in the capital structure, the fee shall be Twenty-five Thousand Pesos (₱25,000.00).

MEMO FOR BROKERS No. 066-2004

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer System Update
_____	Membership Rules	_____	Administrative Matters
_____	Listing Rules	__X__	Others: **Revision to Section 13 of the Revised Disclosure Rules**

Date : **April 2, 2004**
Subject : **REVISION TO SECTION 13.1 OF THE REVISED DISCLOSURE RULES**

Please be informed that the Securities and Exchange Commission, in its letter to the Exchange dated 1 April 2004, approved the **revision to Section 13.1 of the Revised Disclosure Rules on the Disclosure of Transactions of Directors and Principal Officers in the Issuer's Securities**, extending the deadline to file the same with the Exchange from two (2) trading days to **five (5) trading days**.

Section 13.1 of the Revised Disclosure Rules shall thus read as follows:

> "*13.1 Notwithstanding Section 17.5 of these Rules, Issuers must disclose to the Exchange the direct and indirect ownership of its directors and principal officers in its securities within **five (5)** trading days after:*
>
> *a. The Issuer's securities is first admitted in the Official Registry of the Exchange;*
> *b. A Director is first elected or an Officer is appointed; or*
> *c. Any acquisition, disposal, or change in the shareholdings of the Directors and Officers."*

The revision shall take effect on **Monday, April 19, 2004**.

For your information and guidance.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President - Operations Group

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

MEMORANDUM

CN - No. 2013-0010

The Philippine Stock Exchange, Inc.

_____	Trading Rules	_____	Computer Systems Update
_____	Membership Rules	_____	Administrative Matters
_____	Listing Rules	X	**ETF: PSE Rules on Exchange Traded Funds**

TO : **Investing Public and Market Participants**

DATE : **4 April 2013**

SUBJECT : **PSE Rules on Exchange Traded Funds**
Part A General Provisions and Part B Listing and Disclosure

Please be advised that The Philippine Stock Exchange, Inc.'s Rules on Exchange Traded Funds ("PSE ETF Rules") have been approved by the Securities and Exchange Commission ("SEC") on March 18, 2013.

For your ready reference, please find attached a copy of the approved PSE ETF Rules, with Part A containing General Provisions and Part B referring to Listing and Disclosure. Please note that Part C (ETF Market Making Rules) and the Implementing Guidelines of ETF Market Making Rules are pending review and discussions with the SEC.

Finally, the PSE ETF Rules must be read in conjunction with the SEC ETF Rules issued on October 22, 2012 in its Memorandum Circular No. 10, Series of 2012.

For your information and guidance.

HANS B. SICAT
President and Chief Executive Officer

FID/CSD	Market Regulation Division	Issuer Regulation Division	Technology Division	Market Operation Division	Capitals Markets Dev't Division	Office of the General Councel
Tel.# 688-7561/6887508	Tel. # 688-7541	Tel. # 688-7510	Tel. # 688-7480	Tel. # 819-4430	Tel. # 688-7534	Tel. # 688-7411

RULES ON EXCHANGE TRADED FUNDS

PART A General Provisions

PART B Listing and Disclosure

PART A General Provisions

SECTION 1. Rationale

The Philippine Stock Exchange, Inc.'s ("Exchange") Rules on Exchange Traded Funds ("Rules") are being made to govern the listing and trading of Exchange Traded Funds ("ETF") to facilitate more investment opportunities for investors. These Rules are consistent with the requirements under Section 8 (1) of the Rules and Regulations on Exchange-Traded Funds of the Securities and Exchange Commission (the "Commission", the rules shall hereinafter be referred to as the "SEC ETF Rules") that the shares of stock of an ETF shall be listed and traded in a registered Exchange.

SECTION 2. Applicability of the Rules of the Exchange

These Rules shall be read in conjunction with the SEC ETF Rules, the Securities Regulation Code and its implementing rules and regulations, the Investment Company Act and other relevant laws, rules and regulations and shall form part of all rules of the Exchange. All rules of the Exchange not inconsistent with these Rules shall apply to ETFs.

A copy of the SEC ETF Rules is attached herewith as Annex A and is incorporated by reference to these Rules.

SECTION 3. Scope and Application

Only companies duly registered with the Commission as ETFs may apply for ETF listing in the Exchange.

SECTION 4. ETF Participants

a. **ETF** – An Exchange Traded Fund is an open-end investment company that continuously issues and redeems its shares of stock in Creation Unit in exchange for delivery of a basket of securities representing an index whose performance the ETF endeavors to track; provided that, the terms and conditions relative to the issuance and redemption in Creation Unit shall be prescribed in its Registration Statement.

   An ETF is established in accordance with the Investment Company Act of the Philippines and duly registered with the Commission.

b. **Fund Manager** - In addition to the requirements for the appointment of a Fund Manager under Section 15 of the SEC ETF Rules, the Fund Manager must likewise have been in operation for at least two (2) years and have satisfactory experience in managing funds.

   An ETF must seek approval of the majority of its outstanding capital stock for any change of the Fund Manager.

c. **Authorized Participant -** An ETF shall appoint at least two (2) Authorized Participants, who are registered broker-dealers and active trading participants of the Exchange, who shall meet the following requirements:

(i) Those enumerated in Subsections 16.2, 16.3 and 16.4 of the SEC ETF Rules;

(ii) A minimum paid-up capital requirement of at least One Hundred Million Pesos (Php100,000,000.00);

(iii) Such other qualifications that the Commission and the Exchange may impose or require from time to time.

An ETF shall ensure that it has at least two (2) Authorized Participants at all times.

d. **Market Maker** - At least one (1) of the designated Authorized Participants of the ETF shall be designated as the ETF Market Maker.

The Market Maker shall be subject to the provisions on ETF Market Making Rules found in Part C of these Rules and any applicable rules and regulations that the Commission and/or the Exchange may issue from time to time.

e. **Custodian -** An ETF's custodian must comply with the minimum requirements for the appointment of a Custodian under Section 17 of the SEC ETF Rules.

f. **Transfer Agent -** In addition to the minimum requirements for the appointment of a Transfer Agent under Section 18 of the SEC ETF Rules, a Transfer Agent must have a paid-in capitalization of at least One Hundred Million Pesos (Php 100,000,000.00).

g. **Auditor** - The ETF shall engage an independent auditing firm duly accredited by the Commission and acceptable to the Exchange to perform an independent audit of the ETF's financial records.

h. **Index Provider -** The ETF must engage an independent Index Provider which is compliant with the requirements set forth in Section 14 of the SEC ETF Rules.

PART B Listing and Disclosure

An ETF shall be listed on the Exchange's ETF Board, which is a separate board from the Exchange's existing boards. The initial listing requirements under the Listing Rules are applicable to ETFs, unless otherwise provided herein or inconsistent with these Rules.

For the avoidance of doubt, the following provisions of the Listing Rules shall not be applicable to listing of ETFs:

a. Methods of Initial Listing;[1]
b. Requirements for First Board Listing;[2]

[1] Currently, Article III, Part C of the Listing Rules.

c. Requirements for Second Board Listing;[3]
d. Requirements for Small and Medium Enterprises Board Listing;[4]
e. Amended Rules on Listing by Way of Introduction;[5]
f. Listing of Debt Securities;[6]
g. Rules on Additional Listing of Securities;[7] and
h. Fees for initial and additional listing of equity securities,[8] substitutional listing,[9] and listing of debt securities.[10]

SECTION 5. General Criteria for Admission to Listing

a. **Minimum Authorized Capital Stock and Paid-up capital -** An ETF applying to list in the Exchange shall have a minimum authorized capital stock and a minimum paid-up capital of at least Two Hundred Fifty Million Pesos (Php 250,000,000.00).

b. **Offering Requirement -** When the registration of the ETF's securities becomes effective and its listing application is approved by the Exchange, the ETF may, at its option, undertake an offering for its securities. Such offering will not be covered by the IPO Rules on Distribution of Shares under Article III, Part G of the Exchange's Listing Rules, including the provisions pertaining to the twenty percent (20%) mandatory allocation for Trading Participants and the ten percent (10%) mandatory allocation for Local Small Investors.

   In the event that an ETF undertakes an offering for its securities, Article III, Part A, Sections 4, 5 and 13 of the Listing Rules shall be applicable.

c. **Shelf listing** - The ETF may apply for listing the equivalent number of shares subject of the Registration Statement. The Exchange's approval of the listing of the ETF shares shall remain valid provided that the Registration and Licensing Order as well as the Permit to Sell Securities for Sale issued by the Commission covering the subject ETF shares are likewise valid and subsisting. The eligibility for trading of the ETF shares shall take effect only upon the Exchange's receipt of an official notice issued by an authorized officer of the ETF and confirmed in writing by the Custodian and Transfer Agent, that such number of ETF shares has been created and issued to or through the Authorized Participant.

   Should there be ETF shares which shall remain unissued upon the lapse of the shelf registration period, the said ETF shares shall automatically be removed from the

[2] Currently, Article III, Part D of the Listing Rules.
[3] Currently, Article III, Part E of the Listing Rules.
[4] Currently, Article III, Part F of the Listing Rules.
[5] Currently, Article III, Part H, as amended of the Listing Rules.
[6] Currently, Article IV of the Listing Rules.
[7] Currently, Article V of the Listing Rules.
[8] Currently, Article VI, Parts B and C of the Listing Rules.
[9] Currently, Article VI, Part D of the Listing Rules.
[10] Currently, Article VI, Part E of the Listing Rules.

Exchange's registry and may only be re-listed with the Exchange upon the submission by the ETF of the following:

1) Copies of the documents submitted by the ETF to the Commission under Section 7.3(B)(1) of the SEC ETF Rules; and
2) Payment of the processing fee of Fifty Thousand Pesos (PhP 50,000.00) or such amount as the Exchange may prescribe.

d. **Underlying securities** – The underlying securities comprising the index which the applicant ETF intends to track must be listed and traded in a registered exchange and have sufficient liquidity. The ETF shall disclose the liquidity criteria and methodology in its Prospectus.

e. **Procedure for processing of listing applications** - An application for listing shall only be accepted upon submission of the documentary requirements for listing of an ETF as set forth in Annex B and payment of the applicable processing fee. The general procedures for the listing of equity securities as contained in Article III Part B of the Listing Rules and any subsequent amendment and policies relevant thereto shall be adopted in processing listing applications for ETFs in accordance with the Exchange's initial listing rules.

f. **Contents of Listing Application -** In addition to all minimum requirements set forth in the SEC ETF Rules (including, but not limited to, Sections 7, 11, 12, 13 and 19 thereof), the listing application of an ETF must contain the following information:

(i) Complete information regarding the Fund Manager, Authorized Participants, Market Maker, Custodian, Auditor, Index Provider and Transfer Agent of the ETF;

(ii) The financial track record of the Fund Manager and when applicable, the persons or parties engaged by the Fund Manager to carry out activities necessary for the operation of the ETF pursuant to Subsection 15.5 of the SEC ETF Rules. The required information shall include, among others, their related engagement history and work experience and details of all funds and ETFs managed or advised by them;

(iii) Any other information or document that may be required by the Exchange in connection with its evaluation of an ETF's listing application.

g. **Prospectus, Press Releases and Other Similar Documents** - In addition to the requirements under Sections 19 and 20 of the SEC ETF Rules, all prospectuses, primers, subscription agreement forms, newspaper prints, advertisements, press releases and similar documents in connection with the issuance shall first be submitted to the Exchange for review and disclosure purposes and may not be printed en masse, distributed or published without the prior written approval of the Exchange.

h. **Suitability Rule** – An ETF shall be in compliance with the Suitability Rule as contained in Article 1 Part B Sections 1 b to m of the Listing Rules.

SECTION 6. Continuing Listing Requirements

a. Without in any way limiting the applicability of the rules governing the continuing listing of securities already in effect and all the rules and regulations set forth by the Exchange, the following shall be observed at all times:

(i) Minimum Public Ownership (MPO) – As provided in the MPO rules of the Exchange, the ETF shall maintain a public ownership of at least 10% of the issued and outstanding shares, exclusive of treasury shares, or such other number as the Exchange may from time to time prescribe.

To further implement the guidelines in determining public ownership, and for purposes of computing the MPO of an ETF, ETF shares held by Authorized Participants in the course of performing their duties as such or as Market Makers, and shares acquired through the process of creation and redemption shall be considered public shareholdings.

(ii) The ETF shall maintain all applicable regulatory licenses and accreditation;

(iii) The ETF must ensure that all necessary facilities and information are available to enable holders of its listed shares to exercise their rights.

b. The ETF must have an Investor Relations Office which manages the investor relations program of the ETF. The said program must ensure that information affecting the company are communicated effectively to investors. This program shall include, at the minimum, a corporate website that contains, among others, information about the company, such as but not limited to the following:

(i) Company information – controlling stockholders, board of directors and management team

(ii) Company News – analyst briefing report, latest news, press releases, newsletter (if any)

(iii) Financial report – annual and quarterly report for the past 10 years or the period applicable to the ETF

(iv) Disclosures - recent disclosures to PSE and SEC for the past 10 years or the period applicable to the ETF

(v) Investor FAQs – commonly asked questions of shareholders

(vi) Investor Contacts – email for feedback/comments, shareholder assistance and service

(vii) Stock Information – key figures, dividends, stock information

c. Periodic Reporting, Disclosure Policy, and Other Requirements – The general structured and unstructured reportorial requirements shall apply to ETFs under the Disclosure Rules of the Exchange, in addition to the reportorial requirements under Section 27 of the SEC ETF Rules.

In addition, the ETF must likewise comply with the following:

(i) Periodic Reports

a) The ETF must disclose the iNAV every one (1) minute or such other frequency as may be prescribed by the Commission from time to time or as proposed by the Exchange in its rules and approved by the Commission.

The iNAV, as defined in the SEC ETF Rules, is an approximation of the current value of the basket of securities on a per share basis computed at a one (1) minute interval throughout the trading hours of the Exchange.

The iNAV calculation may be provided by the ETF or the ETF Fund Manager or a third party.

b) An ETF must announce no later than 4:30 p.m. of every trading day, or on a frequency that the Exchange may from time to time prescribe, via the Online Disclosure System of the Exchange (ODiSy) the following information:

(1) Net Asset Value (NAV) and NAV per share;

(2) Issued and outstanding shares of the ETF;

(3) Underlying index; and

(4) Tracking Error as defined under Section 5 (21) of the SEC ETF Rules.

Note: *Pursuant to a resolution issued and approved by the Exchange's Board of Directors on 11 September 2013, the cut-off time for the ETF Daily Report was amended to 6:30 p.m. (Per Resolution No. 141 Series of 2013 of the Exchange's Board of Directors)*

(ii) Annual Report – In addition to the requirements under the Securities Regulation Code and the SEC ETF Rules, an ETF must submit an annual report which shall disclose the following information within one hundred five (105) days after the end of the fiscal year, or such other time as the Commission, by rule, shall prescribe:

a) A list of all investments with a value greater than 5% of the ETF's gross assets, and at least the 10 largest investments stating their:

(1) applicable comparative periodic figures, if any;

(2) brief description of the business;

(3) proportion of share capital owned;

(4) cost;

(5) valuation of other assets and investments, and in the case of listed investments, market value;

(6) dividends received during the year (indicating any interim dividends);

(7) dividend payout ratio;

(8) extraordinary items, if any; and

(9) net assets attributable to investments.

b) An analysis of any provision for diminution in the value of investments, stating for each such investment:

(1) cost;

(2) book value; and

(3) provision made.

c) Breakdown of the income received:

(1) dividends and interest; and

(2) other income, if any.

d) An analysis of realized and unrealized gain/loss on investment(s)

e) The name of the Fund Manager together with an indication of the terms and duration of its appointment and the basis for its remuneration;

f) The Securities Lending activities of the ETF

The ETF as a direct lender shall include the latest two (2) bi-annual Summary Reports of their Securities Borrowing and Lending (SBL) transactions submitted to the Commission.

g) Amount of related-party transactions for the period under review;

The term “related parties” shall refer to “affiliates of the ETF, the Fund Manager, the Custodian, the Transfer Agent, or the Index Provider, accounted for by the equity method of accounting; trusts for the benefit of employees such as pension and profit sharing plans that are managed by or under the trusteeship of the management of the ETF; directors, major shareholders or principal owners of the ETF, the Fund Manager, the Custodian, the Transfer

Agent, or the Index Provider; and their management; members of the immediate families of major shareholders, principal owners and management of the ETF and the ETF Fund Manager."

h) The performance of the ETF in comparison to its underlying index, in a consistent format, covering the following periods of time: 3-month, 6-month, 1-year, 3-year, 5-year, 10-year and since inception of the ETF.

i) Expense ratios for the period under review and for the immediately preceding year. It should be indicated that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, and tax deducted at source or arising out of income received front or back end loads arising from the purchase or sale of other investments; and

j) Turnover ratios for the period under review and for the immediately preceding year.

(iii) Quarterly Reports – In addition to the requirements under the Securities Regulation Code and the SEC ETF Rules, particularly Subsection 27.2, an ETF must submit Quarterly Reports which must disclose the following information within forty-five (45) days from the end of each quarter:

a) Top 10 holdings at market value and as a percentage of NAV as at the end of the period under review and for the immediately preceding year;

b) Expense ratios for the period under review and for the immediately preceding year. It should be indicated that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, and tax deducted at source or arising out of income received front or back end loads arising from the purchase or sale of other investments; and

c) Turnover ratios for the period under review and for the immediately preceding year.

(iv) Monthly Issuance and Redemption Report of ETF Creation Units to be submitted not later than five (5) trading days from the last day of the preceding month;

(v) If the ETF is also listed on another stock exchange, any information released to that stock exchange must also be released to the Exchange at the same time. The disclosure to the Exchange shall be in English.

(vi) The ETF must also comply with the following reportorial requirements:

a) The ETF must notify the Exchange at the end of each dividend distribution period the following as soon as they are computed by the Fund Manager:

(1) The net amount per share;

(2) The date of the recording of the list of shareholders; and

b) The Fund Manager must state clearly, in all disclosures issued in respect of the sale of shares of the ETF, the terms upon which it undertakes to repurchase ETF shares. If there is no undertaking, it must state that fact; and

c) The ETF must notify the Exchange of the following within ten (10) minutes from their occurrence:

(1) Any creation and redemption and the resulting issued and outstanding ETF shares;

(2) Breach of tracking error threshold;

(3) Failure and/or inability to disclose the iNAV at the prescribed frequency;

(4) Any changes in the control of the Fund Manager;

(5) Any proposed change in the general character, nature or investment objective of the ETF and/or fund management;

(6) Any resolution or decision to renew, vary or terminate the management agreement;

(7) The fact of inability of the Market Maker to perform its functions or the absence of the Market Maker and the reasons therefor;

(8) The name and qualifications of the Authorized Participant which will assume the functions and obligations of the ETF's Market Maker;

(9) The decision to terminate the ETF's agreement with any of the following participants and the reasons therefor:

(a) Market Maker;
(b) Authorized Participant;
(c) Fund Manager;
(d) Custodian;
(e) Index Provider; and
(f) Transfer Agent.

Provided, however, that within thirty (30) days prior to the effectivity of the termination, the ETF must notify the Exchange in writing of the fact of termination.

Further, the ETF must engage a new Market Maker/Authorized Participant/ Fund Manager/Custodian/Index Provider or Transfer Agent no later than ten (10) trading days prior to the effectivity date of the termination of services of the previous Market Maker/Authorized Participant/Fund Manager/Custodian/ Index Provider or Transfer Agent. Notice to the Exchange that the ETF has engaged a new Market Maker/Authorized Participant/Fund Manager/

Custodian/Index Provider or Transfer Agent must be filed within the same period.

Upon failure to engage the replacement within the prescribed period, the Exchange shall suspend trading of securities of the ETF which shall be lifted upon receipt of notice of the engagement of a new Market Maker/Authorized Participant/Fund Manager/Custodian/Index Provider or Transfer Agent.

(10) Detailed information including the qualifications of the new Authorized Participant(s) which will assume the functions and obligations of the ETF's Authorized Participants;

(11) Any trading halt or suspension imposed by another exchange on the ETF Shares and the reasons therefor, if the ETF is simultaneously listed in another stock exchange;

(12) Any trading halt or suspension of the underlying securities and subsequent lifting thereof, including the percentage of the said underlying securities in relation to the applicable current index value and, in the case of underlying securities listed in another exchange, the reason for the halt or suspension;

(13) Any material facts related to the listed ETF, or the operation, business or assets of the ETF, which may significantly affect the investment decisions of investors.

d) Other reports and records as may be required by the Commission from time to time.

SECTION 7. Trading Halts and Suspensions

a. Trading of the ETF shares shall be suspended under the following circumstances:

(i) If the underlying securities accounting for 20% or more thereof have been suspended;

(ii) Absence of a Market Maker for a period of one (1) month;

(iii) When the Commission issues an order of suspension or revocation on the registration of the ETF shares; or

(iv) Other applicable grounds provided under the Listing and Disclosure Rules and Trading Rules of the Exchange.

b. Trading of the ETF shares shall be halted for an hour, or for any appropriate period as may be deemed necessary by the Exchange, on the first day of occurrence of the following circumstances:

(i) Breach of tracking error threshold;

(ii) Any of the underlying securities has been delisted;

(iii) Trading has been halted for one or more underlying securities accounting for 20% or more of the applicable current index value;

(iv) If the iNAV is not timely published within the frequency prescribed in these Rules; or

(v) Other applicable grounds provided under the Listing and Disclosure Rules and Trading Rules of the Exchange.

c. In the case of ETF shares simultaneously listed in another exchange, the Exchange may halt or suspend the trading of the ETF shares if the trading thereof is halted or suspended in the other exchange.

SECTION 8. Delisting of an ETF

a. In addition to the grounds for involuntary delisting under the Delisting Rules, the following shall be grounds for the involuntary delisting of an ETF:

(i) Failure by the ETF to comply with its continuing listing obligations, including the failure to pay the applicable fees;

(ii) Continued breach of the tracking error threshold set by the ETF for a period of at least one year. Tracking error as defined in the SEC ETF Rules Section 5.21 is the standard deviation of the difference in relative returns between the ETF and its underlying index;

(iii) Revocation of the registration of the ETF and/or its shares;

(iv) Such other grounds as may be determined by the Exchange, where delisting of the ETF may be appropriate in the public interest or for the protection of investors.

b. Tender Offer/Redemption Requirement – In all instances, an ETF that undergoes delisting, must purchase or redeem, either by itself, a stockholder, or through a proponent, more than ninety percent (90%) of the issued and outstanding shares of the ETF.

The required redemption may be made:

(i) By delivering the corresponding basket of securities to the concerned shareholder after the surrender of the ETF shares in accordance with Section 11.1 of the SEC ETF Rules; and/or

(ii) In exchange for cash in accordance with Section 13 of the SEC ETF Rules.

The ETF shall demonstrate that following the redemption of the shares, the ETF, the stockholder or the proponent, has obtained more than ninety percent (90%) of the issued

and outstanding shares of the ETF, or such level or percentage as may be prescribed by the Exchange.

The purchase or redemption price or valuation shall be duly supported by a fairness opinion prepared by an independent and reputable firm, and in accordance with the Guidelines for Fairness Opinions and Valuation Reports of the Exchange.

SECTION 9. Penalties and Fines

a. For non-compliance with the required number of Authorized Participants, a monetary penalty of One Hundred Pesos (Php100.00) for every day of non-compliance shall be imposed upon the ETF.

b. For the absence of a Market Maker, a monetary penalty of Five Hundred Pesos (Php500.00) for every day of non-compliance shall be imposed upon the ETF.

c. In the absence of a Fund Manager, Custodian, Index Provider, Authorized Participant, Transfer Agent, the Exchange shall suspend the trading of securities of the ETF which shall be lifted upon receipt of notice of the engagement of a new Fund Manager, Custodian, Index Provider, Authorized Participant, or Transfer Agent .

d. For any violation of these Rules not stated herein, the penalties under the PSE Disclosure Rules shall apply.

SECTION 10. Fees

An ETF shall be required to pay the following fees:

a. Processing Fee – Upon filing of its application to list, the ETF shall pay a non-refundable processing fee of Fifty Thousand Pesos (Php50,000.00) plus other incidental expenses.

b. Listing Fee – The ETF shall pay a flat rate of One Hundred Thousand Pesos (Php100,000.00).

c. Annual Listing Maintenance Fee – The ETF shall pay an Annual Listing Maintenance Fee of 1/200 of 1% of the total market capitalization but in no case shall it be more than Two Hundred Fifty Thousand Pesos (Php250,000.00).

SECTION 11. Compliance with Laws Governing Investments

The ETF must ensure compliance with the provisions of existing laws, rules and regulations and issuances including, but not limited to, the Anti-Money Laundering Act of the Philippines, the Investment Company Act, and any other applicable law or regulations.

THE PHILIPPINE STOCK EXCHANGE, INC.
RULES ON EXCHANGE TRADED FUNDS

SECURITIES AND EXCHANGE COMMISSION

VICENTE GRACIANO FELIZMENIO JR.
Director, Market Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.

ROEL A. REFRAN
Chief Operating Officer

HANS B. SICAT
President and Chief Executive Officer

Republic of the Philippines
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

SEC MEMORANDUM CIRCULAR NO. 10
Series of 2012

SUBJECT: **RULES AND REGULATIONS ON EXCHANGE TRADED FUNDS**

WHEREAS, Republic Act No. 2629, otherwise known as the Investment Company Act ("ICA"), has been enacted to mitigate, if not eliminate the unfavorable conditions and harmful practices in investment companies that adversely affect the national public interest and the interest of investors;

WHEREAS, the ICA prescribes the regulation of investment companies and requires them to register as such investment companies with the Securities and Exchange Commission ("Commission") and to comply with certain standards including, among others, the regular public disclosure of financial situation, investment policies and objectives, and their fund portfolios as well as their pricing and fees.

WHEREAS, the ICA grants authority to the Commission to issue from time to time rules and regulations and orders as are necessary or appropriate to exercise its powers under the ICA;

WHEREAS, the ICA enables the Commission as part of its rule-making power to issue rules and regulations defining accounting, technical and trade terms and prescribing the form or forms in which information required in registration statements, applications, and reports to the Commission shall be set forth;

WHEREAS, under the ICA, the Commission shall have the power to classify persons, securities and other matters within its jurisdiction and prescribe different requirements for different classes of persons, securities, or matters;

WHEREAS, the Commission determines that a new investment product known as exchange traded fund ("ETF") is a type of open-end investment company whose operation differs significantly from the more common type of open-end investment company popularly known as mutual fund;

WHEREAS, there is a need to classify ETF as a type of open-end investment company having distinct characteristics making necessary the promulgation of these rules and regulations, among others, on the issuance and redemption as well as trading and settlement of ETF shares to ensure that the objectives of ICA are met as well as accommodate the distinct characteristics of ETF;

WHEREAS, ETF shares are required to be registered pursuant to the requirements of Sections 8 and 12 of the Securities Regulation Code ("SRC") and the trading thereof shall be governed by the pertinent provisions of the SRC;

WHEREAS, under the SRC, the Commission may by rule or order, conditionally or unconditionally exempt any person, security or transaction, or class or classes of persons, securities or transactions from any provision of the said laws;

NOW, THEREFORE, the Commission hereby issues and promulgates the following rules and regulations governing Exchange Traded Funds as well as the transactions, persons and all other activities and practices involved therein.

SECTION 1- Title of Rules and Regulations

These Rules and Regulations shall be entitled as the **"Rules and Regulations on Exchange Traded Funds."**

SECTION 2- Interpretation of Rules

Any doubt in the interpretation of these Rules and Regulations shall be resolved by the Commission in a manner which would establish a socially conscious free market that regulates itself, encourage the widest participation of ownership in enterprises, enhance the democratization of wealth, promote

the development of the capital market, protect investors and ensure full and timely disclosure of material information.

SECTION 3 – Coverage

These Rules and Regulations shall apply only to passively-managed ETFs. Amendments to these may be accordingly introduced to address issues such as but not limited to those affecting other forms of ETF, including actively-managed ETFs, upon determination by the Commission that such other forms of ETF are necessary for the development of the capital market.

SECTION 4 – Exchange Traded Fund

An Exchange Traded Fund or ETF is an open-end investment company that continuously issues and redeems its shares of stock in creation unit in exchange for delivery of a basket of securities representing an index whose performance the ETF endeavors to track; provided that, the terms and conditions relative to the issuance and redemption in creation unit shall be prescribed and disclosed in its Registration Statement.

SECTION 5 – Definition of Terms Used in the Rules and Regulations

When used herein, unless the context otherwise requires:

1. **Act** means the Investment Company Act, Republic Act 2629.

2. **Actively-Managed ETF** is an ETF that uses the services of a portfolio manager or certain mathematical model to actively select the securities to be included in an investment portfolio and make strategic changes in that portfolio within the framework of the fund.

3. **Authorized Participant** is a registered broker-dealer that entered into a participating agreement or any similar arrangement with the ETF, and participates in the creation and redemption of shares in the ETF in accordance with the terms provided under the agreement between the Authorized Participant and the ETF.

4. **Arbitrage**, for purposes of the ETF, is the practice of the Authorized Participant to cause the creation of more ETF shares for sale in the secondary market, or to purchase ETF shares in the secondary market for redemption, in order to take advantage of the price differential of the ETF's Net Asset Value per share ("NAVps") and the market price.

5. **Basket of securities** is the bundle of securities whose names and numbers are specified each business day by an ETF, in exchange for which, the ETF will issue, or in return for which it will redeem ETF shares; provided that the ETF may allow cash to be a part of the basket in accordance with the pertinent provisions of these Rules.

6. **Index** is a single number that is calculated based on known methodology and is used to gauge the price and/or volume movements of a list of selected securities traded in an Exchange.

7. **Commission** refers to the Securities and Exchange Commission.

8. **Creation Unit** is the smallest block of ETF shares that can be created or redeemed by an Authorized Participant from the ETF as prescribed and disclosed in the Registration Statement.

9. **Custodian** is an entity that performs the functions and meets the requirements under Section 17 of these Rules.

10. **Exchange** is an organized marketplace or facility that brings together buyers and sellers and executes trades of securities and/or commodities.

11. **Exchange traded fund share** or **ETF share** is an equity security issued by an ETF.

12. **Index Provider** is a person that performs the functions and meets the requirements under Section 14 of these Rules.

13. **Indicative Net Asset Value ("INAV")** is an approximation of the current value of the basket of securities on a per share

basis computed at a fifteen (15)- second interval throughout the trading hours of the Exchange.

14. **Market Maker** is an Authorized Participant that assumes the obligation of providing two-way quotes following the rules of the Exchange and the Commission for the purpose of ensuring liquidity and of maintaining a fair and orderly trading market to the ETF shares.

15. **Net Asset Value ("NAV")** is the aggregate value of a fund as determined by the market value of its underlying securities holdings, including any cash in the portfolio less liabilities, computed at the close of the trading hours of the Exchange.

16. **NAVps** or **Net Asset Value per Share** is the computed NAV on a per share basis. It is calculated by dividing an ETF's total net assets by its number of shares outstanding.

17. **Passively-managed ETF** is an index fund that tracks a specific benchmark and any changes thereto.

18. **Rules** shall refer to these Rules and Regulations on Exchange Traded Funds.

19. **Secondary market** is the market where previously issued ETF shares are bought and sold.

20. **SRC** refers to the Securities Regulation Code, Republic Act 8799.

21. **Tracking error** is the standard deviation of the difference in relative returns between the ETF and its underlying index.

Unless otherwise specifically provided, the terms used in these Rules shall have the same meaning as defined in the Act.

SECTION 6 – Incorporation and Registration of the ETF

6.1 No person shall create and operate an ETF unless the latter is registered as such ETF in accordance with the Act and its implementing rules and regulations.

6.2 Minimum Requirements:

An ETF applying for incorporation with this Commission shall comply with the following requirements:

A) The name of the corporation shall contain the words "Exchange Traded Fund" or "ETF";

B) The purpose clause of the Articles of Incorporation shall provide that the corporation shall engage in the business of investing, reinvesting or trading in securities and shall issue and redeem its shares of stock in a defined creation unit in exchange for delivery of a basket of securities representing an index;

C) All members of the Board of Directors shall be Filipino citizens;

D) It shall have a minimum paid up capital of Two Hundred Fifty Million Pesos (Php 250,000,000.00);

E) All shares of its capital stock shall be common, voting and, in general, redeemable in creation unit in accordance with the terms and conditions prescribed and disclosed in the Registration Statement; and,

F) The pre-emptive right of stockholders to all issues or disposition of shares in proportion to their respective shareholdings shall be denied in the Articles of Incorporation of the ETF.

SECTION 7 – Registration of ETF Shares under the SRC

7.1 No person shall sell or offer for sale or distribute the shares of stock of an ETF unless such shares of stock have been registered in accordance with the requirements of the SRC.

7.2 No shares of stock of an ETF shall be registered pursuant to the SRC unless the assets of the corporation shall be primarily in baskets of securities comprising the index that it represents to track.

7.3 Relative to the above requirements:

A. An ETF shall file a Registration Statement ("RS") using SEC Form 12-1 ETF signed by the principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions;

B. Shelf Registration

Securities covered by an effective RS may continue to be offered or sold under the same terms and conditions within three (3) years from the effective date.

If the remaining registered but unsold securities shall be offered after the 3-year period mentioned in the immediately preceding paragraph, the registrant shall comply with the following requirements:

1. At least five (5) business days prior to the offering or sale of the securities, it shall inform the Commission in writing, through a prescribed format, the material changes, if any, in the RS previously rendered effective by the Commission; and,

2. Pay a fee in such amount as the Commission may determine for the subsequent sale of securities within seven (7) business days prior to the commencement of the sale.

7.4 Nothing herein shall preclude the Commission from requiring other information that it may deem consistent with public interest.

7.5 Investment of the Fund:

A. Investment Objective and Policy. An ETF shall explicitly state in the RS its investment objective and policy.

B. Changes in Investment Objective and Policy. Any change in the investment objective and policy shall be made in accordance with ICA. A rebalancing of the index or change

in its composition shall not be construed as a change in the investment policy of ETF.

C. Investment Limitations. An ETF shall not be subject to the maximum or minimum investment limitations provided under ICA Rule 35-1.

D. Liquidity Requirements. An ETF shall not be subject to the liquidity requirements provided under ICA Rule 35-1.

SECTION 8 – Liquidity of the ETF Shares and the Underlying Securities

An ETF applying for the registration of its shares of stocks shall be able to demonstrate to the satisfaction of the Commission that there shall be proper price formation in a secondary market for said shares by ensuring that:

1. the shares of stock of ETF shall be listed and traded in a registered Exchange;

2. At least two (2) Authorized Participants shall be appointed by the ETF, provided that at least one (1) of them shall act as market maker;

3. The underlying securities comprising the index are listed and traded in a registered Exchange and have sufficient liquidity; provided, that securities that are part of the main index of the Exchange shall be deemed to have sufficient liquidity; provided further, that the Exchange has considered liquidity as a criterion in the selection of securities for inclusion in the index, provided finally, that the ETF may provide for its own liquidity criteria and methodology which shall be disclosed in its RS;

4. The NAV and the NAVps shall be calculated daily after the trading in the Exchange closes. It shall be made available to the investing public by publishing it in the Exchange website and on the website of the ETF or such other location as may be approved by the Commission.

5. The INAV per share shall be calculated and published every fifteen (15) seconds or such other frequency as may be prescribed by the Commission from time to time or as proposed by the Exchange in its rules and approved by the Commission. It shall be made available to the investing public by publishing it in the Exchange board and website and on the website of the ETF or such other location as may be approved by the Commission.

SECTION 9 - Offering of the ETF shares

9.1 An ETF shall sell or offer for sale its shares of stock in any of the following manner:

1. An offer for sale to its designated Authorized Participants, provided, that the latter shall sell the ETF shares through the Exchange; and,

2. Such other method as may be prescribed herein by the Commission.

9.2 The manner of offering shall be fully provided for in the RS.

SECTION 10 - Listing of the ETF shares in an Exchange

Notwithstanding Section 9 of these Rules, no Exchange shall accept the listing of the shares of stock of an ETF unless said shares have been registered under the SRC.

SECTION 11 - In-Kind Issuance and Redemption of ETF Shares

11.1 As a general rule, shares of stock of an ETF shall be issued only upon delivery by the Authorized Participant of the basket of securities underlying an index, or redeemed, by delivering to the Authorized Participant the basket of securities after surrender of the ETF shares.

11.2 In relation to the issuance and redemption of ETF shares, the ETF shall disclose in its RS the following:

1. The terms and conditions for the in-kind issuance and redemption of ETF shares shall include among others, the valuation methodology, the price, timing, and procedures thereof;

2. Instructions to issue or redeem ETF shares in creation unit or multiples thereof shall be in writing;

3. Only an Authorized Participant shall be allowed to submit said issuance and redemption instructions to the ETF, provided that, any person who has accumulated the basket of securities comprising the index or the ETF shares equivalent to a creation unit may cause the Authorized Participant to present said basket of securities or ETF shares for issuance or redemption on his behalf; and,

4. The ETF shall prescribe the terms and conditions for the redemption of shares accumulated by an investor through the Authorized Participant, including the general manner by which such redemption shall be implemented. The more detailed procedures shall be agreed upon between the ETF and the Authorized Participant and stipulated in the written agreement between the two and disclosed to the investors.

11.2 Notwithstanding the foregoing paragraphs, an ETF may accept cash to account for the fractional value of the portfolio of underlying securities.

Section 12 - Issuance of ETF Shares in Exchange for Cash

In exceptional cases, an ETF may allow the issuance of ETF shares in exchange for cash subject to the following conditions:

1. This option, when exercised, is not prejudicial to the interest of existing shareholders and will not result in the disruption of an orderly market;

2. Any expenses or fees that are incurred in relation to such issuance shall be for the account of the person/investor causing such issuance;

3. Such an option is prescribed in the RS, including the exceptional cases under which said option may be exercised;

4. Only Authorized Participants, for their own accounts, are allowed to exercise such option;

5. The ETF shall purchase fully the underlying securities within the period prescribed in the RS;

6. The ETF shall fully record the exercise of such option and shall make said record available to the Exchange and the Commission upon request; and,

7. The Commission reserves the right to disallow the exercise of said option after determining that the in-cash arrangement is not consistent with the interest of the public, the protection of investors and/or the conduct of an orderly market.

Section 13 – Direct Redemption

Subject to the approval of the Commission, an ETF may provide for a direct redemption mechanism for the secondary market investors in exceptional circumstances such as, but not limited to:

i. when an ETF is delisted;

ii. when the secondary trading of ETF shares is disrupted over an extended period; or

iii. when the market price of the ETF shares varies significantly from NAVps.

The threshold for said price variation and such other market circumstances as well as the manner and procedure for Direct Redemption shall be stated in the RS.

Section 14 - Index and the Index Provider

14.1 An ETF shall have entered into an agreement with an Index Provider before using the index designed, constructed and calculated by said Index Provider.

14.2 An ETF shall identify and fully describe the index that it plans to track and the provider of said index.

14.3 An ETF shall not be allowed to select or use indices whose rebalancing frequency is less than six (6) month period.

14.4 An ETF shall provide in its RS, among others, the following information:

1. Initial composition of the index and the corresponding weights;
2. Methodology used in the selection of the securities comprising the index and the rationale thereto;
3. Methodology used in the calculation of the index and the rationale thereto;
4. Name and brief educational and professional background of the owners, directors, officers and persons directly responsible for the design and review of the index; and,
5. Other indices designed, constructed and calculated by the index provider, current and for the last five (5) years, if any.

14.5 An ETF shall immediately disclose in a current report any change in the above-stated items and in accordance with the requirements of Section 17 of the SRC.

14.6 An ETF shall also accordingly disclose the information required under Section 23 hereof on Transparency of Index and Portfolio Holdings.

14.7 An ETF and its Index Provider shall disclose the anticipated level of tracking error in normal market conditions and the description of factors that may affect the ability of the

ETF to track the performance of the index. The ETF and its Index Provider shall also disclose the size of the tracking error in the annual and quarterly reports together with an explanation of any divergence between the anticipated and realized tracking error for the period.

14.8 An ETF and its Index Provider shall adopt measures reasonably designed to prevent misuse of non-public information between the ETF and the affiliated Index Provider.

Section 15 – Appointment of Fund Manager

15.1 An ETF shall appoint a reputable Fund Manager who shall register as Investment Company Adviser in accordance with the requirements of the ICA.

15.2 Majority of the directors and officers of the fund management company shall have a track record of at least five (5) years in managing funds.

15.3 The Fund Manager shall operate and administer the ETF in accordance with all the agreements that it entered into with the ETF and in compliance with the provisions and requirements of ICA, SRC, and Corporation Code and their implementing rules and regulations, including these rules, circulars, orders, and terms and conditions prescribed by the Commission.

15.4 Responsibilities of a Fund Manager. The duties and responsibilities of a Fund Manager shall include but not limited to the following:

(a) perform its duties and responsibilities with due skill, care and diligence that a good father of a family would exercise in the position of being a Fund Manager;

(b) uphold the best interests of shareholders in any of its acts at all times and shall avoid conflict of interest situations; if unavoidable, a disclosure shall be promptly made to the ETF board of directors; in any case, the ETF shall act accordingly to protect the shareholders' interests;

(c) act honestly and fairly in managing the fund to the best and exclusive interest of the ETF and its shareholders;

(d) not misappropriate information acquired as Fund Manager to gain an advantage for itself or for other person;

(e) ensure the segregation of the ETF assets and other properties from those of its own account, physically and in the relevant records, by clearly and properly identifying and labeling the said assets and properties;

(f) have sufficient resources, including competent manpower complement, and proper systems, procedures and processes to effectively and efficiently perform its business activities and its duties and responsibilities, and to ably supervise and ensure compliance with the regulatory requirements and other obligations;

(g) comply with all the regulatory requirements and any other obligations set forth in all the agreements and arrangements that it entered into as Fund Manager;

(h) not to perform activities that shall cause harm to the ETF and its shareholders.

The abovementioned duties and responsibilities shall also be imposed on the directors, officers and staff of the Fund Manager.

15.5 Oversight Responsibility of ETF over the acts of Fund Manager. An ETF, on its behalf, may authorize a Fund Manager to appoint and enter into agreement with other parties necessary in the operation of an ETF. However, the ETF shall still perform oversight responsibility over such appointment and shall undertake the necessary measures if, upon proper finding, the appointment of a party to an ETF, is not in the interest of the ETF shareholders.

Section 16 – Appointment of Authorized Participant

16.1 An ETF or its appointed Fund Manager shall appoint at least two (2) Authorized Participants (APs) which shall directly participate in the issuance and redemption of ETF shares, for its

own accounts or for the account of other persons, and which shall deal with investors in the distribution and secondary trading of the ETF shares.

16.2 An ETF or its appointed Fund Manager shall ensure that before it enters into an agreement with an AP, it shall have determined that said AP meets the following requirements:

1. It is a registered broker-dealer and an authorized trading participant of an Exchange;
2. It has adequate resources, including competent staff, and appropriate systems, procedures and processes to execute transactions in ETF shares in a proper and efficient manner;
3. It adopts adequate and effective internal control procedures, including the necessary measures to maintain independence of its different office units, and satisfactory risk management procedures; and,
4. It has entered into a formal written agreement with the ETF or the appointed Fund Manager which specifies, among others, its duties and responsibilities as such AP.

16.3 In case of an AP handling more than one exchange traded fund, the ETF, before appointing the AP, shall have identified areas that may give rise to conflict of interest issues to the AP and have discussed and provided measures to avoid, if not eliminate, such conflict.

16.4 An AP shall perform such additional duties and responsibilities, including acting as a market maker, in accordance with the agreement with the ETF, the rules of the Exchange and those of the Commission.

Section 17 – Appointment of Custodian

17.1 An ETF or its appointed Fund Manager shall appoint a qualified Custodian which shall take custody and control of the ETF assets and properties. The Custodian shall cause the release of said assets upon the proper instruction of the ETF or its Fund Manager.

17.2 An ETF or its appointed Fund Manager shall ensure that before it enters into an agreement with a Custodian, it shall have determined that said Custodian meets the following requirements:

1. It is either a registered universal or commercial bank with trust license, or a non-bank entity with a trust license, or a registered securities depository;

2. It has adequate resources, including competent staff, and appropriate systems, procedures and processes to ensure that the ETF assets and properties are held in the following manner:

   a. Clearly identified and properly labeled as assets and properties of the ETF;

   b. ETF assets and properties are properly segregated physically and/or on the records of the Custodian;

   c. Unless otherwise authorized in writing by the Commission upon proper application, the assets and properties are registered in the name of or for the account of the ETF;

3. It adopts adequate and effective internal control procedures, including the independence between and among its different office units, and satisfactory risk management procedures; and,

4. It has entered into a formal written agreement with the ETF or its Fund Manager which specifies, among others, its other duties and responsibilities as such Custodian.

17.3 In case of a Custodian handling more than one exchange traded fund, the ETF or its Fund Manager, before appointing the Custodian, shall have discussed with said Custodian and identified areas that may give rise to conflict of interest issues and shall have provided measures to avoid, if not eliminate, such conflict of interest.

Section 18 – Appointment of a Transfer Agent

The ETF or its appointed Fund Manager shall appoint a registered transfer agent which shall maintain an accurate registry for recording the initial and subsequent transfer of shares.

SECTION 19 – Prospectus

An ETF, upon request by a prospective investor, shall provide the relevant prospectus which shall contain the data required under SRC Rule 12 and these rules. In addition, the following information shall be provided in the prospectus:

(a) the name of the ETF share or instrument or its ticker code in the Exchange which shall contain the term "ETF";

(b) the terms, features, rights, and privileges of the ETF shares;

(c) the number of shares contained in a creation unit;

(d) the terms on which their securities are to be offered to the public;

(e) ETF shares can be bought and sold on the secondary market at the quoted market price through a trading participant of an Exchange which may require payment of brokerage commissions;

(f) enumeration of the associated fees and expenses to be charged by Fund Manager, Authorized Participants, Custodian and Transfer Agent;

(g) the anticipated level of tracking error in normal market conditions and the description of factors that may affect the ability of the ETF to track the performance of the index;

(h) the procedure for Direct Redemption and the costs involved, if any;

(i) the directors, officers, and any person holding more than ten per centum (10%) of any class of any equity security of the ETF;

(j) the remuneration and interests in the securities of the individuals indicated in paragraph (i) above, and their material contracts with the ETF and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the ETF;

(k) bonus and profit-sharing arrangements;

(l) management and service contracts;

(m) options existing or to be created in respect of the securities of the individuals indicated in paragraph (i) above;

(n) dividend policy;

(o) material contracts, not made in the ordinary course of business, which are to be executed in whole or in part at or after the filing of the application or which were made not more than two (2) years before such filing, and every material patent or contract for a material patent right shall be deemed a material contract;

(p) balance sheets for not more than the three preceding fiscal years, if applicable, certified by a registered public accounting firm;

(q) profit and loss statements for not more than the three preceding fiscal years, if applicable, certified by an accredited public accounting firm;

(r) copies of articles of incorporation, by-laws, trust indentures, or corresponding documents by whatever name known, underwriting arrangements, and other similar documents of, and voting trust agreements with respect to, the ETF and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the ETF as the Commission may

require as necessary or appropriate for the proper protection of investors and to ensure fair dealing in the security; and,

(s) Any further financial statements which the Commission may deem necessary or appropriate for the protection of investors.

SECTION 20 – Summary Prospectus

20.1 An ETF may provide a summary prospectus. However, upon request by an investor, an ETF shall also provide the statutory prospectus.

20.2 The key information in the summary prospectus shall include:

a. Investment objective and policy;

b. Costs (same as the risk/return summary fee table and example);

c. Principal investment strategies, risks and performance;

d. The fund's top ten (10) portfolio holdings as of the end of its most recent calendar quarter;

e. Identity of investment advisers and portfolio managers;

Disclose the name of each investment adviser and sub-adviser of the fund, followed by the name, title, and length of service of the fund's portfolio managers.

f. Brief purchase and sale and tax information;

g. Financial intermediary compensation.

A fund must provide disclosure that if an investor purchases the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services, and state that these

payments may influence the broker-dealer or other intermediary and the salesperson to recommend the fund over another investment.

h. The cover page of the Summary Prospectus shall contain the following:

1) The fund's name and the share classes to which the summary prospectus relates;

2) a statement identifying the document as a "summary prospectus";

3) the approximate date of the summary prospectus' first use; and,

4) the following legend:

Before you invest, you may want to review the Fund's prospectus, which contains more information about the Fund and its risks. You can find the Fund's prospectus and other information about the Fund online at [_____]. You can also get this information at no cost by calling [_____] or by sending an email request to [_____].

SECTION 21 – Delivery of Prospectuses to Investors

Broker-dealers selling ETF shares are obliged, upon request, to deliver a prospectus to interested parties.

SECTION 22 – Registration of Salesman and Associated Person

A registered salesman of an Authorized Participant or trading participant in an Exchange, prior to trading ETF shares, shall present a certification to the Commission that he has undergone a relevant training on ETF provided for by the Commission and/or any person authorized by the Commission.

SECTION 23 – Transparency of Index and Portfolio Holdings

23.1 An ETF shall maintain a website which shall be freely accessible by the public and which shall provide on a daily basis the following information:

(i) the index that the ETF plans to track;

(ii) the identities and weightings of the component securities and other assets held by the fund;

(iii) the identities and weightings of the component securities and other assets of the index;

(iv) the number and type of securities comprising the basket of securities with which the ETF could create or could redeem creation unit; and,

(v) the performance of the index and the ETF.

23.2 Premium/Discount Information. An ETF shall disclose on its website the following information:

a) the extent and frequency with which market prices of ETF shares have tracked the fund's NAVps;

b) the prior business day's last determined NAV;

c) the market closing price of its shares; and,

d) the premium/discount of the closing price to NAVps.

23.3 The above disclosures are designed to alert investors to the current relationship between NAVps and the market price of the ETF's shares, and that they may sell or purchase ETF shares at prices that do not correspond to the NAVps of the fund.

SECTION 24 – Arbitrage Mechanism

An ETF shall operate with an arbitrage mechanism designed to minimize the potential deviation between the market price and NAVps or INAV per share of ETF shares. The ETF shall establish creation unit sizes, the number of shares of which are reasonably designed to facilitate arbitrage, which is described in the

definition of creation unit as the purchase (or redemption) of shares from the ETF with an offsetting sale (or purchase) of shares on an Exchange at as nearly the same time as practicable for the purpose of taking advantage of a difference in the NAVps and INAV per share and the current market price of the ETF shares.

SECTION 25 – Securities Lending Activity

An ETF may engage in securities lending provided it shall have expressed approval by the Commission. Provided, further, that:

a) The securities lending activity shall be disclosed in the RS;

b) The guidelines for securities lending shall provide that the net revenue arising from the activity shall be returned to the ETF;

c) On-going disclosures thereon shall be included in the Annual Report; and,

d) The ETF shall be able to recall any securities lent or terminate any securities lending agreement it has entered.

Provided, finally, that the ETF shall comply with the Rules on Securities Borrowing and Lending issued by the Commission and the Exchange.

SECTION 26 – Time for Delivering Redemption Proceeds

Redemptions shall be satisfied within the settlement period of the Exchange or the relevant Clearing Agency or such other period that the Commission may prescribe.

SECTION 27 – Reports and Records Requirements

27.1 An ETF shall comply with the following requirements:

a) Monthly Issuance and Redemption Report of ETF creation units;

b) Periodic and current reports and records required under the SRC and ICA; and,

c) Other reports and records as may be required by the Commission from time to time.

27.2 The ETF annual and quarterly reports shall include the ETF return information. The ETF shall use the market price of fund shares in addition to the NAVps to determine its return and include a table with premium/discount information for the five recently completed fiscal years. It shall compare its performance to its underlying index.

SECTION 28 – Administrative Sanctions

If the Commission finds that there is a violation of any provision of the Act, or this Rule or any applicable rules under the SRC, or that any person, in a registration statement or its supporting papers and the prospectus, as well as in the periodic reports required to be filed with the Commission has made any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or refuses to permit any lawful examination into its corporate affairs, the Commission shall, in its discretion impose additional sanctions provided by law aside from those established by existing regulations.

SECTION 29 – Applicability of certain regulations

29.1 The provisions of ICA, SRC and their implementing rules and regulations, and other relevant regulations insofar as they are applicable and not inconsistent herewith, shall apply suppletorily hereto.

29.2 The requirement under ICA Rule 35-1 mandating that sale of securities by investment companies shall be on cash basis shall not apply to ETF.

29.3 ETF shall not be subject to any Lock-Up requirement under ICA Rule 35-1.

29.4 ETF shall be exempt from the mandatory tender offer rule under Section 19 of the SRC.

SECTION 30 – Effectivity

These rules shall take effect fifteen (15) days after the date of last publication in two (2) newspapers of general circulation in the Philippines.

Mandaluyong City, Metro Manila, October 19, 2012.

For the Commission:

COMMISSIONER MA. JUANITA E. CUETO
Officer In Charge

MEMORANDUM

CN - No. 2013-0023

THE PHILIPPINE STOCK EXCHANGE, INC.

_____	Trading	_____	Public Advisory
_____	Disclosure	_____	Administrative/Technology Matters
√	Listing	_____	Others:

TO : **THE INVESTING PUBLIC**

SUBJECT : **LISTING RULES FOR THE MAIN AND SME BOARDS OF THE PSE**

DATE : **JUNE 6, 2013**

Please be advised that in a letter dated May 21, 2013, the Securities and Exchange Commission ("SEC") informed the Exchange that the SEC approved the Exchange's proposed Rules for Listing in the Main and Small, Medium and Emerging Boards of PSE ("Main and SME Board Listing Rules") on May 20, 2013, with modifications. On June 5, 2013, the Exchange received the official copy of the Main and SME Board Listing Rules duly signed by the representatives of the Exchange and the SEC.

A copy of SEC's letter dated May 21, 2013 and the official copy of the Main and SME Board Listing Rules are attached hereto as **Annexes "A"** and **"B"**, respectively.

The Main and SME Board Listing Rules, which supersede Parts D (First Board Listing), E (Second Board Listing), and F (Small & Medium Enterprises Board) of the Revised Listing Rules, will be effective immediately.

Prospectively, all applications for initial listing will be evaluated based on the criteria set out in the Main and SME Board Listing Rules. The Main and SME Board Listing Rules contain enhancements to the listing criteria which are designed to ensure the viability of the companies listing in the Exchange, such as the higher minimum capitalization requirement of Php500 Million for the Main Board listing applicants and Php100 Million for the SME Board listing applicants.

Furthermore, the Main and SME Board Listing Rules require companies applying to list in the SME Board to have a three (3)-year operating history and track record of profitable operations. An applicant company must show to the Exchange that it has cumulative earnings before interests, taxes, depreciation, and amortization (EBITDA), excluding non-recurring items, of at least Php15 Million for the three (3) fiscal years immediately preceding the application for listing and a positive EBITDA in at least two (2) of the said three (3) fiscal years, including the fiscal year immediately preceding the filing of the application.

CTD/HRAD	MOD/TD	IRD	CMDD/CPIRD	OGC/CGO	COO
Tel. No.688-7561/688-7444	Tel. No. 819-4430/688-7480	Tel. No. 688-7510	Tel. No. 688-7534/688-7529	Tel. No. 688-7411/688-7471	699-/7413

MEMORANDUM

THE PHILIPPINE STOCK EXCHANGE, INC.

____	Trading	____	Public Advisory
____	Disclosure	____	Administrative/Technology Matters
√	Listing	____	Others:

Lastly, the Main and SME Board Listing Rules prohibits a company listed in the SME Board from changing its primary and/or secondary purpose(s) for a period of seven (7) years from initial listing.

For your information and guidance.

Hans B. Sicat

HANS B. SICAT
President and CEO

CTD/HRAD	MOD/TD	IRD	CMDD/CPIRD	OGC/CGO	COO
Tel. No.688-7561/688-7444	Tel. No. 819-4430/688-7480	Tel. No. 688-7510	Tel. No. 688-7534/688-7529	Tel. No. 688-7411/688-7471	699-/7413

Supplemental Rule "12"
Annex A

Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

Market Regulation Department

21 May 2013

The Philippine Stock Exchange, Inc.
Office of the General Counsel
RECEIVED
MAY 22 2013
3:07pm

The Philippine Stock Exchange, Inc.
Office of the Chief Operating Officer
RECEIVED
MAY 22 2013
2:44pm

PHILIPPINE STOCK EXCHANGE, INC.
PSE Plaza
Ayala Avenue, Makati City
Fax: 891-9004

ATTENTION : MR. ROEL A. LEFRAN
Chief Operating Officer

RE : Proposed Listing Rules for the Main and SME Boards

Gentlemen:

Please be informed that the Commission, in its meeting held last 20 May 2013, resolved to APPROVE the Proposed Listing Rules for the Main and Small, Medium and Emerging ("SME") Boards of the Philippine Stock Exchange ("PSE"), with the following modifications:

1. In accordance with Section 6[1] of the Corporation Code, the Applicant Companies shall be required to amend their respective Articles of Incorporation in order to incorporate therein the lock up requirement of the proposed Listing Rules. Thus, Section 2 of both Parts D and E shall be amended to include this requirement.

2. The valuation of assets requirement under Section 1(g) of Part E shall likewise be applicable for listing in the Main Board. Thus, Section 1 of Part D shall be amended accordingly by inserting the equivalent provision.

   Furthermore, the PSE should clarify in the corresponding Implementing Guidelines the parameters guiding the exercise of its discretion to impose this requirement, and specify the instances where this requirement shall be applicable. This shall be submitted to the

[1] Sec. 6. Classification of shares. – The shares of stock of stock corporations may be divided into classes or series of shares, or both, any of which classes or series of shares may have such rights, privileges or restrictions as may be stated in the articles of incorporation: x x x

Commission for its consideration.

3. Applicant Companies for listing in the SME Board shall be required to amend their respective Articles of Incorporation to reflect that they shall not change their primary and/or secondary purpose for a period of seven (7) years following its listing. Thus, Section 3(b) of Part E of the Listing Rules shall be amended accordingly.

Following our procedures, you are required to submit to this Office immediately four (4) copies of the Listing Rules for the Main and SME Boards, bearing the initials of two (2) PSE officials on each page of said rules. the copies bearing the initials of the PSE officials and the Director of the Market Regulation Department, SEC, shall be the official copies.

Very truly yours,

VICENTE GRACIANO P. FELIZMENIO JR.
Director

ARTICLE III
EQUITY SECURITIES

PART D
MAIN BOARD LISTING

SECTION 1. General Criteria for Admission to Listing- A company applying for listing in the Main Board ("Applicant Company") must comply with the following requirements:

(a) Track Record of Profitable Operations – Applicant Company must have a cumulative consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA), excluding non-recurring items, of at least ₱50 Million for three (3) full fiscal years immediately preceding the application for listing and a minimum EBITDA of ₱10 Million for each of the three fiscal years. The applicant must further be engaged in materially the same businesses and must have a proven track record of management throughout the last three (3) years prior to the filing of the application.

For this purpose, the Applicant Company shall submit to the Exchange audited consolidated Financial Statements for the last three (3) full fiscal years preceding the filing of the application. The Financial Statements must be accompanied by an unqualified external auditor's opinion.

(b) Exception to the 3-year Track Record Requirement – The following are the exceptions to the three (3) year track record rule:

(i) The Applicant Company has been operating for at least ten (10) years prior to the filing of the application and has a cumulative EBITDA of at least ₱50 Million for at least two (2) of the three (3) fiscal years immediately preceding the filing of the listing application.

(ii) The Applicant Company is a newly formed holding company which uses the operational track record of its subsidiary. This exception, however, shall be subject to the restriction in Section 3(a) hereof.

(c) Positive Stockholders' Equity – Applicant Company must have a positive stockholders' equity in the fiscal year immediately preceding the filing of the listing application.

(d) Market Capitalization - At listing, the market capitalization of the Applicant Company must be at least ₱500 Million.

(e) **Operating History** – Applicant Company must have an operating history of at least three (3) years prior to its application for listing.

(f) **Minimum Capital Requirement** - Applicant Company must have a minimum authorized capital stock of ₱500 Million, of which a minimum of Twenty-five percent (25%) must be subscribed and fully paid.

(g) **Minimum Offering to the Public** - The minimum offering to the public for initial listing shall be based on the following schedule:

MARKET CAPITALIZATION	PUBLIC OFFER
Not exceeding ₱500 M	33% or ₱50M whichever is higher
Over ₱500M to ₱1B	25% or ₱100M whichever is higher
Over ₱1B to ₱5B	20% of ₱250M whichever is higher
Over ₱5B to ₱10B	15% or ₱750M whichever is higher
Over ₱10B	10% or ₱1B whichever is higher

(h) **Minimum Number of Stockholders** – Upon listing, the Applicant Company shall have at least One Thousand (1,000) stockholders, each owning stocks equivalent to at least one (1) board lot.

(i) **Valuation of Assets** – When required by the Exchange, the Applicant Company shall engage the services of an independent appraiser duly accredited by the Exchange and the Commission in determining the value of their assets.

(j) **Full Payment of Issued and Outstanding Shares** – The Applicant Company shall cause all its subscribed shares of the same type and class applied for listing to be paid in full.

(k) **Investor Relation Program** – Applicant Company shall have an investor relation program to ensure that information affecting the company are communicated effectively to investors. Such program shall include, at the minimum, a corporate website that contains, at the minimum, the following information:

i. Company information – organizational structure, board of directors, and management team
ii. Company news – analyst briefing report, latest news, press releases, newsletter (if any)
iii. Financial report – annual and quarterly reports, at least for the past 2 years
iv. Disclosures – recent disclosures to PSE and SEC for the past 2 years
v. Investor FAQs – commonly asked questions of stockholders

vi. Investor Contact – email address for feedback/comments, shareholder assistance and service
vii. Stock Information – key figures, dividends, and stock information

(l) An Applicant Company that is exempt from the track record and operating history requirements of this Rule must state in its Registration Statement the reason for such exemption.

SECTION 2. Lock-Up –

(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:

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

ii. Three hundred sixty-five (365) days after listing of said shares if the Applicant Company is exempt from the track record and operating history requirements of these Rules.

If there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to 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 listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for a 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 full payment of the aforesaid shares.

The lock up requirement shall be stated in the Articles of Incorporation of the Applicant Company.

(b) The foregoing lock-up requirement shall be implemented in the manner provided in Section 17, Part A, Article III of the Revised Listing Rules, or any amendment thereto.

(c) The foregoing lock-up requirement will not apply to a company that transfers to the Main Board if the lock-up period set out above, whichever is applicable, has been observed while listed in the SME Board. Otherwise, the difference between the applicable lock-up period and the actual lock-up of shares shall be observed.

SECTION 3. Restrictions –

(a) No divestment of shares in operating subsidiary - A newly formed holding company which invokes the operational track record of its subsidiary to qualify for the track record requirement under Section 1(a) hereof, is prohibited from divesting its shareholdings in the said subsidiary for a period of three (3) years from the listing of its securities. The prohibition shall not apply if a divestment plan is approved by majority of the Applicant Company's stockholders.

(b) No secondary offering for companies that are exempt from the track record and operating history requirements – Companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies and newly formed holding companies referred to in Section 1(b)(ii), are prohibited from offering secondary securities during the Initial Public Offering. For purposes of this rule, secondary securities shall mean securities originally held by the existing shareholders prior to IPO.

SECTION 4. Full Disclosure Policy. The company shall submit the following disclosures to the Exchange within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:

(a) Quarterly Progress Report on the application of the proceeds from the IPO on or before the first fifteen (15) days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;

(b) Annual summary of the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Officer or Treasurer and external auditor;

(c) Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

(d) A comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following quarter.

The quarterly and annual reports required in items (a) and (b) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Work Program or IPO Prospectus, if any. The detailed explanation must state the approval of the Company's Board of Directors as required in item (c) above.

The Exchange may require disclosure of additional information as it considers appropriate and material in any particular case.

If during the application, the Applicant Company fails to make a timely and accurate disclosure of material information or deliberately misrepresents material facts to the Exchange, the Exchange may consider said actions as evidence of the Applicant Company's refusal to comply with the full disclosure policy of the Exchange and on that basis, reject the application.

SECTION 5. Delisting –A company that incurs negative stockholders' equity for three (3) consecutive years shall be subject to delisting, in accordance with the rules of the Exchange. The delisting of the company's securities shall take effect thirty (30) days from approval by the PSE Board of Directors of the said delisting. The Exchange shall send notice of such delisting immediately to the listed company and the Securities and Exchange Commission. The Exchange shall likewise publish an announcement relative thereto on the Exchange website.

ARTICLE III
EQUITY SECURITIES

PART E
Small, Medium and Emerging (SME) BOARD LISTING

SECTION 1. General Criteria for Admission to Listing - A company applying for listing in the SME Board ("Applicant Company") must comply with the following requirements:

(a) Minimum Capital Requirement – Applicant Company must have an authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) or more, of which a minimum of twenty-five percent (25%) must be subscribed and fully paid.

(b) Track Record of Profitable Operations – Applicant Company must have a cumulative earnings before interests, taxes, depreciation, and amortization (EBITDA), excluding non-recurring items, of at least ₱15 Million for the three (3) fiscal years immediately preceding the application for listing; provided that a positive EBITDA was generated in at least two (2) of the last three (3) fiscal years, including the fiscal year immediately preceding the filing of the application. The applicant must further be engaged in materially the same business and must have a proven track record of management throughout the last three (3) years prior to the filing of the application.

For this purpose, the Applicant Company shall submit to the Exchange audited consolidated Financial Statements for the last three (3) full fiscal years preceding the filing of

the application. The Financial Statements must be accompanied by an unqualified external auditor's opinion.

(c) Positive Stockholders' Equity – Applicant Company must have a positive stockholders' equity in the fiscal year immediately preceding the filing of the listing application.

(d) Operating History- Applicant Company must have an operating history of at least three (3) years prior to its application for listing.

(e) Full Payment of Issued and Outstanding Shares – The Applicant Company shall cause all its subscribed shares of the same type and class applied for listing to be paid in full.

(f) Business Plan – The Applicant Company shall demonstrate its stable financial condition and prospects for continuing growth. For purposes of determining prospects for continuing growth, the Applicant Company shall submit a business plan indicating the steps that have been taken and to be undertaken in order to advance its business over a period of five (5) years.

As a general rule, financial projections are not required, but should there be references made in the business plan to future profits or losses, or any other item that would be construed to indicate forecasts, then the Applicant Company is required to include financial projections in the business plan duly reviewed by an independent accounting firm.

(g) Valuation of Assets – When required by the Exchange, the Applicant Company shall engage the services of an independent appraiser duly accredited by the Exchange and the Commission in determining the value of their assets.

(h) Minimum Offering to the Public – The minimum offering to the public shall be based on the schedule set forth in Article III, Part D, Section 1(g) of these Rules.

(i) Minimum Number of Stockholders – Upon listing, the Applicant Company shall have at least two hundred (200) stockholders. Each of these stockholders must hold at least one (1) board lot of the securities of the company.

(j) Investor Relation Program – Applicant Company shall have an investor relation program to ensure that information affecting the company are communicated effectively to investors. Such program shall include, at the minimum, a corporate website that contains, at the minimum, the following information:

i. Company information – organizational structure, board of directors, and management team

ii. Company news – analyst briefing report, latest news, press releases, newsletter (if any)
iii. Financial report – annual and quarterly reports, at least for the past 2 years
iv. Disclosures – recent disclosures to PSE and SEC for the past 2 years
v. Investor FAQs – commonly asked questions of stockholders
vi. Investor Contact – email address for feedback/comments, shareholder assistance and service
vii. Stock Information – key figures, dividends, and stock information

(k) An Applicant Company that is exempt from the track record and operating history requirements of this Rule must state in its Registration Statement the reason for such exemption.

SECTION 2. Lock Up – The Applicant Company shall cause all its existing stockholders to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.

If there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within six (6) months prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for listing by way of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least one (1) year from listing of the aforesaid shares.

The lock up requirement shall be stated in the Articles of Incorporation of the Applicant Company.

The foregoing lock-up requirement shall be implemented in the manner provided in section 17, Part A, Article III of the Revised Listing Rules.

SECTION 3. Restrictions – Companies applying for listing in the SME Board are subject to the following restrictions:

(a) No listing of holding, portfolio and passive income companies - The Exchange shall not allow the listing of any holding, portfolio and passive income company. For purposes of this Rule, holding, portfolio and passive income company shall mean a company that confines its activities to owning stocks in, and supervising management of other companies and whose source of income are mainly dividends, equitized earnings, and interest earnings from its investments.

(b) **No change in primary purpose and/or secondary purpose** - The Applicant Company shall not be allowed to change its primary and/or secondary purpose(s) stated in its Articles of Incorporation for a period of seven (7) years following its listing. Such restriction shall be stated in the Articles of Incorporation of the Applicant Company. The Exchange reserves the right to delist listed companies whose objective(s) and purpose(s) as stated in its Articles of Incorporation submitted to the Exchange have been amended within the specified period.

(c) **No Offering of Secondary Securities for Companies Exempt from the Track Record and Operating History Requirements** – Companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies, are prohibited from offering secondary securities during the Initial Public Offering. For purposes of this rule, secondary securities shall mean securities originally held by the existing shareholders prior to IPO.

SECTION 4. Transfer to the Main Board - A listed company initially listed on the SME Board may, upon written request to the Exchange and payment of the applicable processing fee, be elevated for listing in the Main Board upon a showing that it has met the requirements for listing in the Main Board.

SECTION 5. Full Disclosure Policy –

(a) The Applicant Company shall promptly submit a comprehensive corporate disclosure to the Exchange in the following instances:

(i) Sale of the company's assets other than in the ordinary course of business. The comprehensive corporate disclosure shall contain, among others, the names of the parties to the transaction, the purpose for which it was entered into, and the potential effect on the operations of the company;

(ii) Imposition of fines and/or other penalties on the company or its subsidiaries by regulatory authorities and the reasons therefor;

(b) The company shall submit the following disclosures to the Exchange within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:

(i) Quarterly Progress Report on the application of the proceeds from the IPO on or before the first fifteen (15) days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;

(ii) Annual summary of the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Officer or Treasurer and external auditor;

(iii) Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

(iv) A comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following quarter.

The quarterly and annual reports required in items (i) and (ii) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Work Program or IPO Prospectus, if any. The detailed explanation must state the approval of the Company's Board of Directors as required in item (iii) above.

The Exchange may require disclosure of additional information as it considers appropriate and material in any particular case.

If during the application, the Applicant Company fails to make a timely and accurate disclosure of material information or deliberately misrepresents material facts to the Exchange, the Exchange may consider said actions as evidence of the Applicant Company's refusal to comply with the full disclosure policy of the Exchange and on that basis, reject the application.

SECTION 6. Delisting –A company that incurs negative stockholders' equity for three (3) consecutive years shall be subject to delisting, in accordance with the rules of the Exchange. The delisting of the company's securities shall take effect thirty (30) days from approval by the PSE Board of Directors of the said delisting. The Exchange shall send notice of such delisting immediately to the listed company and the Securities and Exchange Commission. The Exchange shall likewise publish an announcement relative thereto on the Exchange website.

SECTION 7. Applicability of Other Provisions – The Applicant Company must comply with published rules and requirements which the Exchange may deem applicable.

THE PHILIPPINE STOCK EXCHANGE, INC.

HANS B. SICAT
President and Chief Executive Officer

ROEL A. REFRAN
Chief Operating Officer

SECURITIES AND EXCHANGE COMMISSION

VICENTE GRACIANO P. FELIZMENIO, JR.
Director
Market Regulation Department

GUIDELINES IN THE INTERPRETATION OF ARTICLE III, PARTS D and E of the REVISED LISTING RULES, AS AMENDED

1. The Revised Rules for Listing in the Main and SME Boards of The Philippine Stock Exchange, Inc. (the "Revised Rules") primarily aim to: (i) consolidate the First and Second Boards of the PSE into a new listing board called the Main Board with a new set of listing criteria; and (ii) retain the SME Board, intended for *Small, Medium* and *Emerging* companies, with more stringent listing requirements. This proposal is aligned with the dual-listing board structure in other exchanges.

2. These Revised Rules supersede Parts D (First Board Listing), E (Second Board Listing), and F (Small & Medium Enterprises Board) of the Revised Listing Rules.

3. These Revised Rules were formulated to rationalize the criteria for listing in the different boards and enhance investor protection features of the rules.

4. Any doubt in the interpretation of these Revised Rules shall be resolved in a manner that would be consistent with the principal objective of the Exchange to provide a fair, orderly, efficient and transparent market for the trading of securities and to ensure the suitability of securities for listing for the protection of public interest.

5. The Liberal Interpretation of the Listing Rules for Mining Companies and the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies shall continue to apply. Thus, mining, petroleum, and renewable energy companies which do not have the required operating history and track record of profitable operations shall be deemed compliant with the operating history and track record requirements upon compliance with the requirements set forth in the Additional Requirements for Mining Companies and the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies.

6. The minimum number of stockholders required in Section 1(h) of Part D and Section 1(i) of Part E of the Revised Rules shall be required only upon listing. Thereafter, as a continuing listing requirement, the listed company shall observe the ten percent (10%) minimum public ownership requirement, unless otherwise amended, set in the Exchange's Amended Rule on Minimum Public Ownership.

7. The requirement for valuation of assets in Section 1(i) of Article III, Part D and Section 1(g) of Article III, Part E of the Revised Rules shall be imposed only for applications for additional listing involving non-cash transactions and Initial Public Offering of real estate companies.

8. The 180-day lock-up period in Section 2 of Article III, Part D of the Revised Rules shall also apply to companies that do not meet the track record requirement but comply with the requirements in Section 1(b)(i) or Section 1(b)(ii) of Article III, Part D of the Revised Rules.

9. The restriction in Section 3(b) of Article III, Part D is applicable only to mining, petroleum, and renewable energy companies, newly formed holding companies that invoke the track record of their respective subsidiaries, and such other companies that may subsequently be determined by the Exchange as exempt from both the track record and operating history requirements. The prohibition does not apply to companies invoking Section 1(b)(i) of Article III, Part D of the Revised Rules as the said companies are still subject to the operating history requirement. The restriction in Section 3(c) of Article III, Part E, on the other hand, is applicable only to mining, petroleum, and renewable energy companies, and such other companies that may subsequently be determined by the Exchange as exempt from both the track record and operating history requirements.

10. Section 3(b) of Article III, Part E of the Revised Rules does not preclude companies from engaging in related businesses that fall within its primary purpose.