

ARTICLE IV

DEBT SECURITIES

SECTION 1. Scope – The rules set out the requirements for the listing of debt securities on the Exchange.

SECTION 2. Requirement for a Rating – Except for national government securities, every issue that will be listed on the Exchange shall be rated periodically as long as it remains outstanding, regardless of the fact that the Issuer and Guarantor, in the case of guaranteed issues, may have already been rated.

The applicant Issuer shall engage the services of a reputable credit rating agency acceptable to the Commission to rate the issue.

SECTION 3. Requirements from Guarantor – In cases of guaranteed issues, a Guarantor will be required to comply with the Rules, to the same extent as if such Guarantor was the Issuer of the relevant debt securities.

- (a) The Prospectus issued in relation to a guaranteed issue must contain the same information regarding the Guarantor as that regarding the applicant Issuer, so that, where appropriate, references to the “applicant Issuer” should be read as equally applying to the Guarantor; and
- (b) The Guarantor will be required to sign a Listing Agreement in the form prescribed and provided by the Exchange.

The relevant guarantee must be issued in conformity with existing laws and regulations and in conformity with the Guarantor’s articles of incorporation or equivalent documents and all authorization needed for its issue under such law must have been duly given.

SECTION 4. Requirement for an Underwriter – The applicant Issuer shall engage the services of a duly licensed underwriter, who among others, may act as the applicant Issuer’s lead underwriter.

The lead underwriter and/or issue manager shall warrant that it has exercised due diligence in ascertaining that all material representations contained in the applicant Issuer’s Prospectus or Offering Memorandum, their amendments or supplements are true and correct, and that no material information was omitted.

SECTION 5. Requirement for a Transfer Agent and a Paying Agent –

The applicant Issuer shall engage the services of a duly-licensed transfer agent acceptable to the Exchange, until the date on which no debt security remains outstanding, which shall perform the following functions:

- (a) Maintain an accurate registry for recording initial and subsequent transfers and an electronic line with the Exchange's clearing agency; and
- (b) Maintain an electronic link with the Exchange to facilitate the clearing and settlement of trades.

The applicant Issuer shall engage the services of a paying agent acceptable to the Exchange until the date on which no debt security remains outstanding, which shall perform the following functions:

- (a) Receive funds from an issuer and in turn pay principal and interest payments to holders of debt securities; and
- (b) Maintain an electronic link with the transfer agent, to continually update its records on which interest and principal payments to security holders are based.

The applicant Issuer shall take full responsibility for all the acts of its transfer agent and paying agent and shall execute and submit an undertaking holding itself jointly and severally liable for all the acts of its transfer and paying agents in relation to the issue.

The applicant Issuer shall further be responsible to make the necessary arrangement for the safekeeping of the relevant records prepared by the transfer agent and the paying agent in accordance with the requirement of the pertinent rules and regulations of the Commission and the Anti-Money Laundering law and its rules and regulations, among others.

SECTION 6. Listing Criteria and Requirements –

- (a) The debt securities for which listing is sought must be transferable.
- (b) The minimum size for an issue shall be One Hundred Million Pesos (₱100,000,000.00).
- (c) Each issue must be distributed to and held by at least one hundred (100) holders at any given time.

- (d) All Issuers and Guarantors shall enter into a Listing Agreement with the Exchange through which they undertake to comply with the continuing obligations as a condition for the listing of their debt securities. Failure to comply with the terms of the Listing Agreement may lead to the suspension of secondary market trading or cancellation of the listing of their debt securities.
- (e) Debt securities to which options, warrants or similar rights to subscribe or purchase equity securities or debt securities are attached must also comply with the requirements for listing applicable to such options, warrants or similar rights.
- (f) Convertible debt securities may only be listed if their underlying equity securities are already listed at the Exchange.

SECTION 7. Listing in Tranches – The application for listing must cover the maximum amount of securities which may be issued and listed at any one time. The applicant Issuer may either apply for listing a single-tranche issue or a multiple-tranche issue.

If the Exchange approves the application for a multiple-tranche issue, it will admit to listing all securities under said multiple-tranche issue as long as the registration with the Commission and other requirements pertinent to the program remain valid, including submission to the Exchange of the following:

- (a) final terms of the issue;
- (b) any supplementary listing document as may be applicable, previously approved for publication; and
- (c) confirmation from the Issuer that the subject securities have been issued.

SECTION 8. Requirements from Issuer and Guarantors of Exempt Securities – In addition to the relevant documents required, the following must be submitted by an applicant Issuer whose debt securities are exempt from registration with the Commission:

- (a) A certification that the transaction is exempt from registration, a resolution confirming the exemption or any other similar document issued by the Commission; and
- (b) Copies of authorization needed for the creation and issue of the debt securities including the following:

- (1) a certified copy of the resolution of the applicant Issuer's stockholders, board of directors, authorized officers and/or other governing body, authorizing the issue of such bonded indebtedness; and
- (2) in the case of a guaranteed issue, a certified copy of the resolution of the board of directors, authorized officers and/or other governing body of the Guarantor approving and authorizing the giving and signing of the guarantee. If the Government of the Philippines is the Guarantor, the guarantee of the Secretary of Finance on behalf of the national government, or such guarantor authorized by law, shall be required.

SECTION 9. Responsibilities of Directors and Officers of the Applicant Issuer and Lead Underwriter - Directors and officers of the applicant Issuer are solely responsible for the information contained in the listing application and all documents submitted to the Exchange, including its Prospectus. A statement to that effect shall be incorporated in the Prospectus. Moreover, the last page of the Prospectus or Offering Memorandum shall contain the following:

- (a) A statement that the applicant Issuer and the lead underwriter(s) have exercised due diligence in ascertaining that all material representations contained in the Prospectus or Offering Memorandum, and amendments or supplements thereto are true and correct, and that no material information was omitted which was necessary in order to make the statements contained in said documents not misleading as of the date of the document; and
- (b) The names and signatures of majority of the members of the Board of Directors of the applicant Issuer and the chief executive officer/chief operating officer of the applicant Issuer and its lead underwriter(s).

SECTION 10. Full Disclosure Policy - The applicant Issuer shall fully disclose any and all material information relative to the issue. The Exchange may require disclosure of additional or alternative items of information as it considers appropriate and material in any particular case.

The applicant Issuer must show its willingness to comply with the full disclosure requirement. If during the application, the applicant Issuer fails to make a timely and accurate disclosure of material information or deliberately

misrepresents material facts to the Exchange, the Exchange may consider the said actions as evidence of the applicant Issuer's refusal to comply with the full disclosure policy of the Exchange and on the basis thereof reject the application.

SECTION 11. Prospectus, Press Releases and Other Similar Documents

- All Prospectus, 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.

SECTION 12. Listing Procedure - The procedure for listing an issue will be similar to that of listing equity securities on the Exchange provided in Part B, Article III of these Rules.

SECTION 13. Listing Application - The contents for a listing application are enumerated in Appendix I, Part B. The Exchange may require the applicant Issuer to provide additional information and any other document which it deems necessary for a proper evaluation of the application.

SECTION 14. Continuing Listing Requirements - Without in any way limiting the applicability of the rules governing continuing listing and all the rules and regulations set forth by the Exchange, the following shall be observed at all times:

- (a) The minimum number of beneficial holders at any given time shall be one hundred (100) or such other number the Commission may from time to time prescribe.
- (b) The Issuer shall pay the annual maintenance fee assessed by the Exchange for all debt securities.
- (c) As long as the debt security remains outstanding, the Issuer must inform the Exchange of the following as soon as possible:
 - (1) Any change in the rating of a debt security;
 - (2) Any change in the rights attached to any class of listed debt securities (including any change in the rate of interest carried and any change in the rights attached to any share into which any listed debt securities are convertible or exchangeable);
 - (3) Any plan to postpone any interest payment on listed debt securities;

- (4) Any purchase, redemption, cancellation or conversion by the Issuer of its listed debt securities. The amount of relevant debt securities outstanding shall also be stated. In the event of any redemption, cancellation or conversion of the debt securities, the Issuer must provide the Exchange with the respective notice(s) for public release;
 - (5) Any proposed change in capital structure;
 - (6) Any new loans or issues of debt securities and, in particular, any guaranty or security in respect thereof; and
 - (7) Any decision to change an Issuer's articles of incorporation and by-laws.
- (d) Simultaneously as required by the Commission, the Issuer shall furnish the Exchange certified true copies of information, documents and reports submitted to the Commission relating to the issues listed. In the case of exempt securities, the Issuer shall furnish the Exchange updated information in the form and frequency that the Exchange shall prescribe.

The Issuer must ensure that all necessary facilities and information are available to enable the holders of its listed debt securities to exercise their rights. In particular, it must inform holders of the holding of meetings which they are entitled to attend, enable them to exercise their right to vote where applicable, and publish in the newspapers notices or distribute circulars giving details of the allocation and payment of interest in respect of such securities, the issue of new debt securities (including arrangements for the allotment, subscription, renunciation, conversion or exchange of such debt securities) and repayment of debt securities.

The disclosure requirements and procedures set forth in the Disclosure Rules shall be complied with, when applicable.

SECTION 15. Cancellation of Listing – An event of default on the part of the Issuer and Guarantor or failure to comply with other continuing listing obligations shall be grounds for suspension or delisting of securities in the Exchange, notwithstanding the provisions provided in the Rules and the other rules and regulations of the Exchange.

The Exchange shall ensure that upon maturity or full conversion, debt securities shall automatically be delisted.