



# MEMORANDUM

**MEA - No. 2022-0003**

## THE PHILIPPINE STOCK EXCHANGE, INC.

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|-------------------------------------|--|
| <input type="checkbox"/> Trading    | <input type="checkbox"/> Public Advisory                           |
| <input type="checkbox"/> Disclosure | <input type="checkbox"/> Administrative/Technology Matters         |
| <input type="checkbox"/> Listing    | <input checked="" type="checkbox"/> Others: <b>Rule Amendments</b> |

**TO : ALL MARKET PARTICIPANTS**

**SUBJECT : AMENDMENTS TO THE LOCK-UP RULE IN THE MAIN BOARD AND SME BOARD LISTING RULES**

**DATE : June 13, 2022**

Please be informed that the Securities and Exchange Commission has approved the amendments to the lock-up rule in Section 2(a), Article III, Part D (“Main Board Listing Rules”) and Section 3(a), Article III, Part E (“SME Board Listing Rules”) of the PSE Consolidated Listing and Disclosure Rules.

The amended lock-up rule allows alternative investment funds (“AIFs”) or their investment vehicle with demonstrated track record in private equity investments to sell during initial public offering (“IPO”) the shares that they acquired within 180 days prior to the IPO at a price lower than the IPO price, subject to the conditions set out in the rules.

The amended provisions of the lock-up rule in the Main Board Listing Rules and SME Board Listing Rules, set out in **Annex “A”** hereof, shall take effect immediately.

For your information and guidance.

*(Original Signed)*  
**Ramon S. Monzon**  
*President and CEO*

|                           |    |     |     |    |                                      |                |     |     |
|---------------------------|----|-----|-----|----|--------------------------------------|----------------|-----|-----|
|                           |    |     |     |    |                                      |                |     |     |
| CMDD                      | FD | IRD | MOD | TD | HRD / RISK / SU                      | CCD / FMD / AD | OGC | COO |
| Tel. No.: (632) 8876-4888 |    |     |     |    | E-mail Address: investing@pse.com.ph |                |     |     |

**ARTICLE III  
EQUITY SECURITIES**

**PART D  
MAIN BOARD LISTING**

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**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 the listing of said shares if the Applicant Company is exempt from the track record and operating history requirements of the Rules.

If there is any issuance or transfer of shares (*i.e.*, private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer 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 the listing date in the case of Applicant Companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering (**IPO**) or than that of the listing price in the case of Applicant Companies 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 the full payment of the aforesaid shares.

**THE LOCK-UP REQUIREMENT IN THE IMMEDIATELY PRECEDING PARAGRAPH SHALL NOT APPLY TO SHARES ISSUED TO ALTERNATIVE INVESTMENT FUNDS OR THEIR INVESTMENT VEHICLE WITH DEMONSTRATED TRACK RECORD IN PRIVATE EQUITY INVESTMENTS WITHIN ONE HUNDRED EIGHTY (180) DAYS PRIOR TO THE START OF THE OFFERING PERIOD AT A PRICE LOWER THAN THE IPO PRICE IF:**

- I. THE SHARES ARE ISSUED PURSUANT TO AN EXERCISE OF RIGHTS GRANTED UNDER CONVERTIBLE SECURITIES, WARRANTS, OPTIONS OR SIMILAR INSTRUMENTS THAT HAVE BEEN HELD AND**

- FULLY PAID FOR BY THE ALTERNATIVE INVESTMENT FUND OR ITS INVESTMENT VEHICLE FOR A CONTINUOUS PERIOD AT LEAST 365 DAYS PRIOR TO THE OFFER (“HOLDING PERIOD”);**
- II. THE FUND OR ITS INVESTMENT VEHICLE IS ENTITLED TO CONVERT ITS HOLDINGS OR SUBSCRIBE TO THE UNDERLYING SHARES DURING THE ENTIRE HOLDING PERIOD; AND**
- III. THE FUND OR ITS INVESTMENT VEHICLE SELLS THE EXEMPTED SHARES DURING THE IPO.**

**SHARES HELD BY THE ALTERNATIVE INVESTMENT FUND OR ITS INVESTMENT VEHICLE WHICH ARE COVERED BY THIS EXEMPTION BUT ARE NOT SOLD DURING THE IPO SHALL BE LOCKED UP FOR THREE HUNDRED SIXTY-FIVE (365) DAYS FROM FULL PAYMENT OF THE SHARES.**

**FOR PURPOSES OF THIS RULE, “ALTERNATIVE INVESTMENT FUND” SHALL REFER TO ANY VEHICLE ESTABLISHED FOR THE PURPOSE OF RAISING CAPITAL FROM DIFFERENT INVESTORS AND INVESTING THE POOLED FUNDS IN ALTERNATIVE INVESTMENTS SUCH AS PRIVATE EQUITY, VENTURE CAPITAL, AND REAL ASSETS.**

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 listed 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.

**ARTICLE III  
EQUITY SECURITIES**

**PART E  
SMALL, MEDIUM AND EMERGING (SME) BOARD LISTING**

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**Section 3. Lock-Up -**

- (a) The Applicant Company shall cause its existing non-public stockholders and their related parties 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. All other stockholders shall not be subject to mandatory lock-up under this provision.

For purposes of this section, “non-public stockholders” shall mean the Applicant Company’s: (i) principal stockholders (*i.e.*, the owner of ten percent (10%) or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) any other person who has substantial influence on how the Applicant Company is being managed.

The term “related parties” shall mean the non-public stockholder’s: (i) principal stockholders (*i.e.*, the owner of ten percent (10%) or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.

If there is any issuance or transfer of shares (*i.e.*, private placements, asset for shares swap or a similar transaction) or of 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 the listing date in case of Applicant Companies listing by way of introduction, and the transaction price is lower than the offer price in the Initial Public Offering (IPO), or the listing price in the case of Applicant Companies listing by way of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least **THREE HUNDRED SIXTY-FIVE (365) DAYS** from listing of the aforesaid shares.

**THE LOCK-UP REQUIREMENT IN THE IMMEDIATELY PRECEDING PARAGRAPH SHALL NOT APPLY TO SHARES ISSUED TO ALTERNATIVE INVESTMENT FUNDS OR THEIR INVESTMENT VEHICLE WITH DEMONSTRATED TRACK RECORD IN PRIVATE EQUITY INVESTMENTS**

**WITHIN ONE HUNDRED EIGHTY (180) DAYS PRIOR TO THE START OF THE OFFERING PERIOD AT A PRICE LOWER THAN THE IPO PRICE IF:**

- I. THE SHARES ARE ISSUED PURSUANT TO AN EXERCISE OF RIGHTS GRANTED UNDER CONVERTIBLE SECURITIES, WARRANTS, OPTIONS OR SIMILAR INSTRUMENTS THAT HAVE BEEN HELD AND FULLY PAID FOR BY THE ALTERNATIVE INVESTMENT FUND OR ITS INVESTMENT VEHICLE FOR A CONTINUOUS PERIOD OF AT LEAST 365 DAYS PRIOR TO THE OFFER (“HOLDING PERIOD”);**
- II. THE FUND OR ITS INVESTMENT VEHICLE IS ENTITLED TO CONVERT ITS HOLDINGS OR SUBSCRIBE TO THE UNDERLYING SHARES DURING THE ENTIRE HOLDING PERIOD; AND**
- III. THE FUND OR ITS INVESTMENT VEHICLE SELLS THE EXEMPTED SHARES DURING THE IPO.**

**SHARES HELD BY THE ALTERNATIVE INVESTMENT FUND OR ITS INVESTMENT VEHICLE WHICH ARE COVERED BY THIS EXEMPTION BUT ARE NOT SOLD DURING THE IPO SHALL BE LOCKED UP FOR THREE HUNDRED SIXTY-FIVE (365) DAYS FROM LISTING OF THE SHARES.**

**FOR PURPOSES OF THIS RULE, “ALTERNATIVE INVESTMENT FUND” SHALL REFER TO ANY VEHICLE ESTABLISHED FOR THE PURPOSE OF RAISING CAPITAL FROM DIFFERENT INVESTORS AND INVESTING THE POOLED FUNDS IN ALTERNATIVE INVESTMENTS SUCH AS PRIVATE EQUITY, VENTURE CAPITAL, AND REAL ASSETS.**

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.