

ARTICLE V ADDITIONAL LISTING OF SECURITIES

PART A GENERAL

SECTION 1. Rule on Additional Listing of Shares – The Rule shall apply to transactions resulting into issuance by a Listed Company (“Issuer”) of new voting shares to any party or to any persons acting in concert (“Subscriber/s”) amounting to at least ten percent (10%) but not more than thirty-five percent (35%) of the resulting total issued and outstanding capital stock of the Issuer through a single or creeping transactions within a period of twelve (12) months from the initial disclosure. Such transactions may include private placements, share swaps, property-for-share swaps, or conversion of securities into equity.

Notes: The Rule has been implemented to apply to transactions resulting into issuance by an Issuer of new voting shares to any party or persons acting in concert amounting to at least ten percent (10%) of the total issued and outstanding capital stock of the Issuer through a single or creeping transactions within a period of twelve (12) months from the initial disclosure.

A newly-listed company shall likewise be prohibited from offering additional securities, except offerings for stock dividend and employee stock option plan (ESOPs) within one hundred eighty (180) calendar days from date of original listing.

Pursuant to Article III, Part A, Section 9 (Listing of Issued and Outstanding Shares and Other Securities, Including Treasury Shares) of the Rules, all additional issuances of securities by the Issuer of the same type and class that are already listed shall be applied for listing in the Exchange.

As a general rule, the Exchange shall not permit the listing of shares subscribed by related parties unless a rights or public offering is first undertaken.

For purposes of this Rule, RELATED PARTIES shall mean affiliates of the listed Issuer 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; directors, major shareholders or principal owners of the listed Issuer; and its management; members of the immediate families of major shareholders, principal owners and management of the listed Issuer.

Notes: See related provisions on Backdoor Listing. (Supplemental Rule 7)

For a Placing and Subscription transaction wherein a shareholder or related party sells its shares to a third party (“placing tranche”) and the listed Issuer subsequently issues to the shareholder or related party at most the same number as the shares sold (“subscription tranche”), the Exchange may allow the listing of shares of a listed Issuer provided that:

- a. No related party, as defined in the Rules, will subscribe to the Listed Company's shares under the placing tranche;
- b. No person or persons acting in concert will subscribe to the Listed Company's shares under the placing tranche amounting to ten percent (10%) or more of the Listed Company's issued and outstanding capital stock;
- c. The subscription price of the new shares to be issued to the related party under the subscription tranche must be equivalent to the placing price. The placing price may be adjusted to account for the expenses of the placing;
- d. The number of new shares to be issued to the related party must not exceed the number of shares sold in the placing;
- e. The Listed Company's shareholders must approve the placing and subscription transaction. The Listed Company's shareholders may grant an authority to the Listed Company's board of directors, subject to such terms and conditions as may be specified in the resolution, to implement the placing and subscription transaction; provided that, the basis for setting the number of placing/subscription shares, as well as the determination of the placing/subscription price are approved by the Listed Company's shareholders; and
- f. The Listed Company must comply with the disclosures required herein, notwithstanding the applicability of any of the provisions under the Revised Disclosure Rules of the Exchange.

(Guidance Note 10 – PSE Memorandum No. 2010-0204 dated 4 May 2010 re: Interpretation of the Rules on Additional Listing of Shares for a Placing and Subscription Transaction)

SECTION 2. Pre-filing Conference – Issuers may request for a pre-filing conference with the Exchange to ascertain whether the Rule is applicable to its transaction(s). The Exchange shall thereafter issue a written confirmation as to the applicability or non-applicability of the Rule.

SECTION 3. Trading Halt – The trading of the shares of the Issuer shall be halted for one (1) hour upon announcement or disclosure of any information leading to the transaction(s). Another one (1) hour trading halt shall be implemented upon dissemination of the Comprehensive Corporate Disclosure required herein.

SECTION 4. Comprehensive Corporate Disclosure – The Issuer shall submit within five (5) Trading Days from the initial disclosure the details of the transaction including but not limited to the following:

- a) Copies of all agreements duly executed that are relevant to the transaction;
- b) Description of the proposed transaction including the timetable for implementation, and related regulatory requirements;
- c) Rationale for the transaction including the benefits which are expected to be accrued to the Listed Company 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) 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) Identity of the beneficial owner(s) of the shares subscribed (for Corporations: date of incorporation and nature of business, major projects and investments, capital structure, audited financial statements for the last three (3) fiscal years, list of subsidiaries and affiliates, board of directors and principal officers; for individuals: list of shareholdings in other companies with the Issuer, list of companies where the individual is an officer or a director, and relationships with the existing directors and stockholders of all parties to the transaction);
- h) For Subscribers with no track record or with no operating history; the Subscriber 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. Projected financial statements shall only be required should there be references made in the statement to forecasts or targets.
- i) Identities of controlling and substantial stockholders of the parties to the transaction, accompanied by a structural chart depicting the structure of the Subscriber and the Issuer and the interests of such stockholders, both before and after the implementation of the proposed transaction;
- j) The interest which directors of the parties to the transaction have in the proposed transaction; and
- k) Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders.

*Notes: For a placing and subscription transaction (see **Guidance Note 10** and the related note in Section 1 above), the Listed Company is required to disclose through a Comprehensive Corporate Disclosure ("CCD") the following information through the Electronic Disclosure Generation Technology ("EDGE") of the Exchange:*

- a. Name of the Listed Company;
- b. Description of the transaction;
- c. Name of the related party who will place its existing listed shares to a third party(ies);
- d. Number and class of shares in the placing tranche;
- e. Number and class of shares in the subscription tranche;
- f. Placing price of the shares and the basis for setting such price;
- g. Subscription price of the shares under the subscription tranche and terms of payment;
- h. Total transaction value;
- i. Rationale of the transaction;
- j. Total funds to be raised and the proposed use of the proceeds, including a detailed work program;
- k. Timetable of the placing and subscription transaction;
- l. Applicable regulatory approvals;
- m. Table showing the ownership structure of the Listed Company before and after the placing and subscription transaction indicating the number of shares held and respective percentage ownership of the Listed Company's shareholders. Such table must indicate the Listed Company's major and minor shareholders, with the identities of controlling shareholders.
- n. Complete list of the subscribers/investors under the placing tranche, with a background of the respective investors, one (1) Trading Day from the execution of such placing. Such background information must indicate the following:
 - i. for corporate investors: nature of business, capital structure, ownership structure, key officers and members of the board of directors, financial statements; and
 - ii. for individual investors: business affiliation/s, brief background on the business/es, position/s held.
- o. An external legal counsel's opinion, one (1) Trading Day after the actual execution of the placing tranche, that, under the placing tranche:
 - i. the Listed Company's shares have been validly issued and transferred to investors, in accordance with the terms of the placing tranche;
 - ii. no investor or investors acting in concert have acquired the Listed Company's shares amounting to ten percent (10%) or more of the Listed Company's issued and outstanding capital stock; and
 - iii. no related party, as defined in the Rule, have acquired any of the Listed Company's shares.

Unless otherwise specified herein and in the Revised Disclosure Rules of the Exchange, the Listed Company must promptly disclose any of the foregoing information in the CCD, except items (n) and (o) above, via the EDGE in accordance with the Revised Disclosure Rules.

The Amended Rule on Minimum Public Ownership (see **Supplemental Rule 6**) requires (i) a Listed Company to 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; and (ii) 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. Further, the Amendments to the Reporting Requirements Under the Rule on Minimum Public Ownership (see **Supplemental Rule 6.1**) requires a Listed Company that falls below twelve percent (12%) of its issued and outstanding shares, exclusive of any treasury shares, to submit to the Exchange a Public Ownership Report within fifteen (15) calendar days after the end of each month, until such time that its public float is twelve percent (12%) or higher.*

SECTION 5. Stockholders' Approval – The Issuer must submit a sworn Corporate Secretary's Certification confirming the following:

- a) That the stockholders in a regular or special meeting approved the transaction; and
- b) For related party transactions, in addition to the stockholders' approval of the transaction, the Issuer must submit a sworn corporate secretary's certification confirming that a waiver of the requirement to conduct a rights or public offering of the shares subscribed has been granted by a majority vote representing the outstanding shares held by the minority stockholders present or represented in the meeting.

The foregoing sworn corporate secretary's certifications required must be supported by a report on the tabulations of the votes of the stockholders indicating the number of shares and percentage to the total outstanding shares represented by the majority and minority stockholders in the meeting either in person or by proxy.

In addition to items required under the Disclosure on Stockholders' Meeting, Section 4.4(u) of the Revised Disclosure Rules, the notice of the meeting shall include:

- 1) The number of voting shares to be issued to the Subscriber(s);
- 2) A copy of the Comprehensive Corporate Disclosure on the details of the transaction; and

The said notice must be published in the business sections of any two (2) newspapers of general circulation.

SECTION 6. Rights or Public Offering Requirement – Issuers who fails to obtain an approval from the stockholders as required under Section 5(b) hereof, must first file within sixty (60) calendar days, unless extended by the Issuer, an application for a rights or public offering, to be offered to all minority stockholders at an offer price equal to the agreed transaction price and at an offer ratio that would maintain the latter's ownership in the Issuer prior to the implementation of the transaction. All major stockholders and directors shall abstain from exercising their rights to the offer.

The Subscriber in the transaction must take-up all the shares left unsubscribed during the offer, provided that such shares to be taken-up shall only amount up to the number of shares subscribed in the transaction and such subscriptions must be fully paid.

Upon completion of the rights or public offering, the Exchange shall proceed with the listing of the shares issued to the Subscriber.

SECTION 7. Lock-Up of Subscribed Shares by Related Parties – For related party transactions whereby the rights or public offering requirement has been waived by a majority vote of the minority stockholders, the Subscriber must enter into an agreement with the Exchange not to sell, assign, or in any manner dispose of their shares for a minimum period of one hundred eighty (180) days after the listing of the shares subscribed in the transaction.

*Note: For a placing and subscription transaction (see **Guidance Note 10** and the related note in Section 1 above), the new shares to be issued to the related party under the subscription tranche should be placed in escrow through an agreement with an escrow agent not to sell, assign, or in any manner dispose of the new shares for a minimum period of one hundred eighty (180) days from the listing of the subscription shares in the Exchange.*

SECTION 8. Compliance with the Suitability Criteria and Continuing Listing Requirements – Prior to the approval of listing application, the Issuer must comply with the Suitability Criteria and Continuing Listing Requirements under Section 3, Article III and XVIII, respectively, of the Listings and Disclosure Rules.

Notes: Article III, Section 3 of the Listings and Disclosure Rules concerning Suitability Criteria has been superseded by Article I, Part B, Section 1 of the Rules.

Article XVIII, Section 1 of the Listings and Disclosure Rules concerning payment of Annual Listing Fee has been superseded by Article VI, Part A, Section 4 of the Rules.

Article XVIII, Section 2 of the Listings and Disclosure Rules concerning minimum trading volume is no longer applicable.

*Article XVIII, Sections 3 and 4 of the Listings and Disclosure Rules have been superseded by the Amended Rule on Minimum Public Ownership approved by the Commission on 19 December 2011 and which took effect on 1 January 2012, and subsequent amendments thereto. (see **Supplemental Rules 6, 6.1, 6.2**)*

Article XVIII, Sections 5 and 6 on the holding of annual of regular stockholders' meeting and change in par value, respectively, are within the discretion of the Issuer.

SECTION 9. Exceptions to the Rule – The Exchange shall grant an exception to the rights or public offering requirement in the following cases:

- (a) The transaction price for the shares subscribed is set at a premium over the prevailing market price. Market price shall mean the weighted average of the closing prices for a period of thirty (30) Trading Days prior to the transaction;

Note: In the absence of trading activity of the shares for the last thirty (30)-Trading Day period, the Exchange shall compute for the average of up to thirty (30) closing prices for a maximum period of six (6) months prior to the transaction.

- (b) The requirement for a rights or public offer is waived by a majority vote, representing the outstanding shares held by the minority stockholders present or represented in a special meeting of the transaction.
- (c) Issuers undergoing rehabilitation and bankruptcy shall be exempted from the application of the Rule without prejudice to the provisions of the Delisting Rules.

*Note: See **Supplemental Rule 8** for the Rules on Delisting of the Exchange.*

SECTION 10. Applicability – In addition to the foregoing, all applications for additional listing of securities shall also be considered under prevailing circumstances at the time of filing of the application.

Notes: The Exchange may cancel, revoke or withhold approval for additional listing whenever such is deemed necessary in accordance with the guidelines set by the Exchange.

A newly-listed company shall likewise be prohibited from offering additional securities, except offerings for stock dividend and employee stock option plan (ESOPs) within one hundred eighty (180) calendar days from the date of original listing.

ARTICLE V ADDITIONAL LISTING OF SECURITIES

PART B RIGHTS OFFERING

SECTION 1. Period to File Application – Within ninety (90) days from the date of approval by the Board of Directors of the company of the rights offering, the application for listing of the shares to cover the rights offering and the application for registration thereof shall be filed simultaneously. For rights offerings of common shares and exchange traded funds (“ETFs”), the Applicant Company must disclose in the Prospectus the offer price range, consisting of a floor price and a cap, upon filing of the listing application. The floor price must be lower than or equal to the disclosed market price.

Notes: The above Section 1 was amended to reflect the requirement to disclose price range for follow-on offerings and stock rights offerings of common shares and Exchange Traded Funds (Supplemental Rule 17 - PSE Memorandum No. 2019-0013 dated 22 March 2019 re: Requirement to Disclose Price Range for Follow-on Offerings and Stock Rights Offerings of Common Shares and Exchange Traded Funds)

SECTION 2. Limitation on Use of Funds – All funds received by the corporation from subscribers to an increase in authorized capital stock shall be properly received, deposited in escrow in an independent banking institution until the approval of the increase in authorized capital stock is obtained from the Commission and shall be utilized exclusively in accordance with the work program submitted in relation to its application for increase or registration or for the purposes for which the increase or registration was made; provided, that the proposed project shall be related to the corporation’s principal business. No amount shall be granted as loans or advances to subscribers, officers/directors of the Corporation or any of its affiliated companies. Approval of the registration statement is obtained only after approval of the increase in authorized capital stock.

SECTION 3. Offering of Unexercised Rights – The Listed Company applying for additional listing shall engage the services of an underwriter who shall underwrite the entire issue or shares not taken by the existing shareholders after the second round of offering.

The unexercised rights after the first round of offering should first be offered to those shareholders who had previously exercised their rights.

However, eligible shareholders who wish to subscribe to more shares than what they are entitled to in the rights offering, should already indicate in the first round of the offering their intention to avail of extra shares in proportion to their shareholdings.

Accordingly, the corresponding payment for the extra shares should already be tendered.

SECTION 4. Subscription Agreement - The Listed Company applying for additional listing shall submit to the Exchange a copy of its subscription agreement which contains a condition on the right of existing shareholders to further subscribe to additional shares on a pro rata basis, arising from failure of other stockholders to fully exercise their rights.

SECTION 5. Certification on Amount of Issues Subscribed - The Listed Company applying for additional listing and/or its underwriter shall submit to the Exchange, after an exercise of rights offering, a certification stating whether the issue was fully subscribed, oversubscribed, or under-subscribed.

- (a) If the issue is under-subscribed, the underwriter must disclose the amount of shares not subscribed, and with whom they were placed or how they were disposed of.
- (b) In all cases, a new list of stockholders shall be submitted to the Exchange within fifteen (15) days from the last day of the Offering Period.

SECTION 6. Subscriptions Receivable - Notwithstanding the existence of subscriptions receivable from previous rights offerings, the Exchange may allow the listing of shares of a new rights offering, provided that the unpaid portion of the total subscription to previous rights offerings does not exceed ten percent (10%) thereof.

Provided further, that the Listed Company, in accordance with its by-laws and/or the relevant sections of the Corporation Code shall call for the payment of the subscriptions receivable from previous rights offerings referred to in the preceding paragraph and ensure that at least ninety percent (90%) has been paid.

SECTION 7. Installment Payment Schemes - Rights shares declared by the Listed Company referred to in Section 6 hereof, may be allowed for listing in the Exchange, provided that at least twenty-five percent (25%) of the total subscriptions are paid. The Listed Company applying for additional listing must disclose in the offering Prospectus the schedule and terms of payment.

Payment of the unpaid portion of the subscribed shares has to be received within a reasonable period of time for the completion of the work program.

While listing is allowed, the actual trading of the shares shall only be permitted once the said shares are fully paid. This shall be in accordance with the procedure relating to trading of rights shares.

SECTION 8. Record Date - The Listed Company applying for additional listing, subject to the approval of the Exchange and the Commission, shall set the record date for any rights issue, provided, that the proposed record date shall not be less than fifteen (15) Trading Days from approval by the Board of Directors of the Exchange.

Note: Whenever a Listed Company announces a record date, the Exchange shall automatically determine the ex-date and shall be computed as three (3) Trading Days before the announced record date.

SECTION 9. Offering Period - The Offering Period shall commence not more than thirty (30) calendar days from the record date. The Listed Company applying for additional listing shall submit to the Exchange for approval the final draft of its offering/information memorandum and subscription agreement at least seven (7) calendar days before the start of the Offering Period and prior to the printing of the final draft.

SECTION 10. Penalty for Failure to Comply with Deadlines - In case of failure on the part of the Listed Company applying for additional listing:

- (a) To commence the Offering Period within thirty (30) calendar days from the record date;
- (b) To submit to the Exchange the Commission's approval of the registration and licensing of the shares at least two (2) Trading Days before the start of the Offering Period; or
- (c) To submit to the Exchange the Commission's approval of the registration and licensing of shares coming from an increase in the authorized capital stock of the Listed Company applying for additional listing and offered as part of the pre-emptive/stock rights within ninety (90) days;

The Exchange shall determine within fifteen (15) calendar days from said deadline whether there is deliberate delay on the part of the Issuer to list the shares covered by the listing application by failing to submit the documents required by the Commission or through other similar means, and shall entitle the Exchange to assess the applicant a surcharge of twenty-five percent (25%) of the listing fee and other fees ("total listing fee") plus a one percent (1%) interest on the total listing fee for every day of delay prior to the listing date.

SECTION 11. Monitoring of Outstanding Partially-Paid Shares - The Issuer, which allows for partial payment in its rights offering, is required to submit a monthly report every fifth (5th) Trading Day of the current month on the number of outstanding

partially-paid shares based on the previous month-end balances until all the rights shares are fully paid.

The said report shall contain the following information:

- a. The total number of outstanding shares;
- b. The total number of fully-paid shares and its percentage to total outstanding shares;
- c. The total number of partially-paid shares and its percentage to total outstanding shares;
- d. The total number of shares paid in accordance with the schedule; and
- e. The total number of shares that have not been paid in accordance with the schedule.

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PART C
UNDERLYING SHARES OF CONVERTIBLE SECURITIES

SECTION 1. Listing of Shares of Stock - As a general rule, Issuers may apply for the listing of shares of stock arising from conversions (*e.g.*, bond conversion).

The listing approval of all remaining underlying shares shall be effective until the end of the conversion and/or exercise period of the convertible securities.

SECTION 2. Monitoring of Conversions - The Issuer is required to submit a monthly report on the number of convertible securities converted and the corresponding issuance of the underlying shares and the remaining number of unconverted securities, inclusive of information contained in an interim report filed during the reportable month pursuant to the second paragraph of this section, within the first five (5) Trading Days of the succeeding month.

However, every time the number of convertible securities that have been converted adds up to at least five percent (5%) of the overall total number of the convertible securities, to be reckoned from the last report, the Issuer shall file an interim report with the Exchange as to the number of convertible securities converted and the corresponding issuance of the underlying shares and the remaining number of unconverted securities, within five (5) Trading Days from the day such level is reached.

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PART D
STOCK OPTION PLAN/STOCK PURCHASE PLAN

SECTION 1. Listing Approval of Stock Option/Stock Purchase Plan – An Issuer which has a newly approved Stock Option or Stock Purchase Plan by its Board or has an existing Stock Option or Stock Purchase Plan to its employees should inform the Exchange as soon as possible of such fact, outlining therein the details of the Plan.

The listing approval of all remaining and unexercised option shares shall be effective until the end of the option and/or holding period. These shares shall be removed from the Official Registry of the Exchange after the said period.

SECTION 2. Board of Directors' and Shareholders' Approval – The Issuer is required to get an approval from the Board of Directors on any subsequent Stock Option Plan, provided however that in the following cases:

- (a) If the target beneficiaries are junior officers and employees of the company, the Plan should be ratified by the majority of the stockholders;
- (b) If the target beneficiaries are the senior officers and directors and persons other than an employee, officer, and director (i.e., other stakeholders), the Plan should be endorsed by the Remuneration Committees and ratified by two-thirds (2/3) of the stockholders.
- (c) In instances wherein,
 - i. The Plan shall be used to induce first time employees;
 - ii. The Plan is the result of an existing and earlier approved plan due to merger and acquisition;
 - iii. The Plan is pursuant to a BIR-approved pension plan; and
 - iv. Other such similar plan.

The subject Plan shall only require approval of the company's Remuneration Committee and of the Board of Directors.

SECTION 3. Approval of Material Revision- any alteration or revision to the terms and conditions of a scheme, which are of material nature, must be approved in accordance with Section 2 hereof, except where the alterations take effect automatically under the previously approved and existing terms of the scheme.

The following are instances, among others, that are considered as an alteration or revision of a material nature:

- (a) Increase in the number of shares made available under the scheme which is not a result of a previously approved formula;
- (b) Material expansion in the types of situations that qualify under the scheme;
- (c) Material expansion in the class of employees, officers or directors or persons other than being an employee, officer, or director;
- (d) Material extension of the term;
- (e) Material change in the method of determining the exercise price.

SECTION 4. Filing of Stock Option Plan/Scheme - a detailed statement of the Plan or scheme by which the option over the shares or securities shall be exercised must be filed with the Exchange simultaneous with the filing of an application for approval of such Plan or scheme with the Commission or other government agency, when applicable.

SECTION 5. Monitoring of Exercise of Stock Option – The Issuer is required to submit a monthly report of the number of stock options exercised and the corresponding issuance of shares and the remaining number of unexercised stock option with the first five (5) Trading Days of the succeeding month.

SECTION 6. Additional Information – The Exchange may require such additional information on the stock option plan from the Issuer as may be necessary.

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PART E WARRANTS

Note: These rules covering Warrants are subject to revisions which are still pending final approval by the Commission. Pending receipt of the approved revisions, the following rules, in addition to the requirements covering warrants provided under the SRC and the SRC IRR, shall be applicable.

SECTION 1. Filing of Registration Statement – A Listed Company applying for warrants issue shall file a registration statement with the Commission for the registration and licensing of the warrants to be offered. The Commission’s approval of the registration and licensing of the shares or other securities to which the warrants may be attached must be submitted to the Exchange not later than ninety (90) days from the end of the offering period.

If the underlying shares shall come from its existing registered but unlicensed authorized capital stock, the Corporation shall simultaneously file a petition for the licensing of said shares with the Commission and a listing application with the Exchange.

SECTION 2. Notification of the Exchange – Corporations whose shares are listed in the Exchange shall notify the Exchange of the warrants offering within ten (10) minutes by phone or fax and confirmed in writing within two (2) hours from date of approval of the warrants offering.

SECTION 3. Definitions – When used under this Article, the following terms shall have the meaning indicated, unless the context provides otherwise:

“Base Information Memorandum” – the initial memorandum published by the Issuer of derivative warrants containing information pertaining to the Issuer in particular and to Derivative Warrants, in general, which the Issuer considers will apply to all Derivative Warrants to be issued by the Issuer; it must be submitted by the Issuer to the Commission before the Issuer can issue any Derivative Warrants and shall be used as a basis by the Commission for the evaluation and pre-qualification of the Issuer for the issuance of Derivative Warrants.

“Beneficiary Securities” – the shares of stock or other securities issued by the Issuer to which the warrants may be attached and which may form the basis of the entitlement in a warrant.

“Detachable Warrant” – a Warrant that may be sold, transferred or assigned to any person by the Warrantholder separate from, and independent of, the corresponding Beneficiary Securities.

“Exchange Ratio” – the number of Underlying Shares which may be purchased upon the exercise of the right granted in a Warrant which may be fixed upon issue or adjusted based on a predetermined formula.

“Exercise Period” – the period of time during which the Warrantholder may exercise the right in the Warrant as hereinafter indicated.

“Exercise Price” – the price per share at which the Issuer of a Warrant is required to sell or issue the Underlying shares, upon the exercise of the rights granted in a Warrant, which shall be at a price fixed at the time of application for registration of the Warrant or computed using a stated formula.

“Guarantee Agreement” – the written agreement to be executed by the Guarantor irrevocably and unconditionally agreeing to guarantee the performance of the obligations of the Issuer under the Derivative Warrants.

“Guarantor” – shall mean a financial institution with an unimpaired paid-up capital of at least ₱1.25 Billion pesos whether registered under Philippine laws or under the laws of a foreign jurisdiction which agrees to guarantee a non-collateralized warrant issue; provided, that if such financial institution is registered under foreign laws, it must be qualified to act as such guarantor under the laws of its jurisdiction and it must have a duly registered branch in the Philippines.

“Information Memorandum” – the memorandum published by the Issuer containing relevant information on the Issuer, Warrants in general and the particular issue of Subscription or Derivative Warrants proposed to be issued by the Issuer.

“Issue Price” – the price at which a Warrant is originally sold by the Issuer.

“Issuer” – shall mean a person or a corporation who issues or proposes to issue Warrants.

“Non-detachable Warrant” – a Warrant that shall not be sold, transferred or assigned to any person by the Warrantholder separate from, or independent of, the Beneficiary Securities.

“Registrar’s Agreement” – written agreement executed between the Issuer and the Warrant’s Registrar.

“Supplemental Information Memorandum” – the memorandum published by the Issuer or derivative warrants to supplement the Base Information Memorandum; it contains information specific to the particular Derivative Warrant issue proposed to be issued by the Issuer.

“Trust Agreement” – the written agreement between the Issuer and the Trustee.

“Trustee” – a reputable commercial bank who shall hold the Underlying Shares of a Derivative Covered Warrants issue for and in behalf of the Warrantholders.

“Underlying Shares” – the shares, unissued or issued as the case may be, of a corporation which may be subscribed to or purchased by the Warrantholder upon the exercise of the right granted under a Warrant.

“Warrant” – a type of security which entitles the holder the right to subscribe to the unissued capital stock of a corporation or to purchase issued shares in the future, evidenced by a Warrant Certificate, whether detachable or not, which may be sold or offered for sale to the public but does not apply to a right granted under an Option Plan duly approved by the Commission for the benefit of employees, officers, and/or of the issuing corporation. A warrant may either be:

- (a) **“Subscription Warrant”** – a warrant which entitles the holder thereof the right to subscribe to a pre-determined number of shares out of the unissued capital stock of the Issuer; or
- (b) **“Derivative Warrant”** – a warrant which entitles the holder thereof the right to purchase from the Issuer at a pre-determined Exercise Price a specified number of shares issued by a company other than the Issuer or any of the Issuer’s subsidiaries or affiliates or at the option of the holder to receive a cash payment calculated by reference thereto during a pre-determined Exercise Period or on pre-determined date or dates.

Derivative Warrants are divided into two categories:

- (a) **“Covered Warrants”** are derivative warrants where the Issuer owns all the Underlying Shares to which the Covered Warrants relate and grants a charge over the Underlying Shares in favor of an independent trustee which acts for the benefit of the holders of the Covered Warrants.
- (b) **“Non-Collateralized Warrants”** are Derivative Warrants where the obligation of the Issuer are provided for in a form other than by way of a charge over the Underlying Shares. Non-collateralized Warrants must be guaranteed by a Guarantor.

“Warrant Certificate” – the certificate representing the right to a Warrant which may be detachable or not, duly issued by the Issuer to the Warrantholder.

“Warrantholder” – the registered owner of a Warrant as reflected in the Warrant Registry Book maintained by the Issuer.

“Warrant Instrument” – the written document or deed containing the terms and conditions for the issue and exercise of a Warrant, which terms and conditions shall include;

- (a) The maximum Underlying Shares that can be purchased upon exercise or the Exchange Ratio;
- (b) The Exercise Period;
- (c) The Exercise Price; and
- (d) Such other terms and conditions as the Commission may require.

“Warrant Registrar” – a person, other than the Issuer, tasked with maintaining an Issuer’s Warrant Registry Book.

“Warrant Registry Book” – a registry book for warrants issued, transferred and/or cancelled maintained in behalf of the Issuer.

“Financial Institution” – shall mean banks and other financial institution under the supervision of the Central Bank of the Philippines.

SECTION 4. Period to File Application – Within ninety (90) days from the date of approval by the Board of Directors of the warrants issue, the application for listing of the Warrants and the Underlying Shares to cover the warrants shall be filed with the Exchange.

SECTION 5. Base Information Memorandum - The Base Information Memorandum published by the Issuer or Derivative Warrants containing information pertaining to the Issuer of Derivative Warrants must be submitted to the Commission and the Exchange. The initial memorandum must contain information pertaining to the Issuer, in particular, and to derivative warrants, in general, which the Issuer will apply to all derivative warrants to be issued by the Issuer. The initial memorandum must be submitted by the Issuer to the Commission and the Exchange before the Issuer can issue any derivative warrants and shall be used as a basis by the Exchange for the evaluation and pre-qualification of the Issuer for the issuance of derivative warrants.

SECTION 6. Amendment to the Base Information Memorandum - If a listed company intends to effect an amendment of its Base Information Memorandum which shall render inaccurate or misleading the initial memorandum previously disclosed or submitted to the Exchange, the Listed Company shall submit an official disclosure to the Exchange and the Commission containing details and material facts regarding said amendment to the Base Information Memorandum.

SECTION 7. Statement of Price and Terms - The Listed Company shall state the price and terms of the warrants. Any amendments to the terms and conditions of the warrants must be approved by the Listings Committee.

Note: With the abolition of the Listing Committee, the Management shall make the appropriate recommendation and present its report to the Exchange's Board of Directors for approval. (see Guidance Note 2)

SECTION 8. Subscription Warrants - Any corporation organized under Philippine laws whose shares of stock are registered under Section 4 of the Revised Securities Act or otherwise exempt under Section 5 thereof may issue Subscription Warrants.

The Underlying Shares for Subscription Warrants shall constitute unissued shares out of the Issuer's authorized capital stock which shall have been registered with the Commission pursuant to the Revised Securities Act unless otherwise exempt under Section 5 hereof.

Note: Sections 4 and 5 of the Revised Securities Act have been superseded by Sections 8 and 9, respectively, of the Securities Regulation Code. Section 10 of the Securities Regulation Code also enumerates the transactions exempt from registration.

SECTION 9. Exercise Period for Subscription Warrants - The Exercise Period for the Subscription Warrants shall not be less than one (1) year nor more than five (5) years from the date of issue of the Subscription Warrants.

SECTION 10. Derivative Covered Warrants - Derivative Covered Warrants may

be issued subject to the following conditions:

- (a) Any person who is both a citizen and resident of the Philippines or a corporation whether registered under Philippine laws or under the laws of a foreign jurisdiction may issue Derivative Covered Warrants; provided, that if it is a foreign corporation it must be licensed to do business in the Philippines.
- (b) The Underlying Shares for Derivative Covered Warrants shall consist of fully paid, non-assessable and unencumbered shares of stock which must have been registered with the Commission pursuant to the Revised Securities Act, unless otherwise exempt under Section 5 thereof, and listed with the Exchange, owned by and registered in the books of the issuing corporation in the name of the Issuer, in such number as will provide 100% cover for the Derivative Covered Warrants to be issued by the Issuer.

Note: Section 5 of the Revised Securities Act has been superseded by Section 9 of the Securities Regulation Code. Section 10 of the Securities Regulation Code also enumerates the transactions which are exempt from registration.

- (c) Pursuant to Section 5(b) of the Revised Securities Act, Derivative Covered Warrants shall be exempt from registration with the Commission.

Note: Section 5(b) of the Revised Securities Act had been superseded by Section 9.2 of the Securities Regulation Code.

- (d) The Issuer of Derivative Covered Warrants must enter into a Trust Agreement with a reputable commercial bank in the Philippines as Trustee, the terms of which shall provide, among others, (i) that a charge over the Underlying Shares is granted in favor of the Trustees acting for the benefit of the Warrantholders; and (ii) the physical deposit of the original certificate(s) representing the Underlying Shares for the duration of the Exercise Period and such other terms sufficient to guarantee the issuance, transfer and conveyance of all the exercisable Underlying Shares, if the Derivative Covered Warrants are fully exercised; provided, that the Issuer and the Trustee must not be one and the same corporation nor can the Trustee be a subsidiary of the Issuer or vice-versa.
- (e) The Exercise Period for the Derivative Covered Warrants shall not be less than nine (9) months nor more than twenty-four (24) months from the date of issue of the Derivative Warrants.

SECTION 11. Derivative Non-Collateralized Warrants - Derivative Non-Collateralized Warrants may be issued subject to the following conditions:

- (a) Only a corporation duly licensed as an investment house or a universal bank in the Philippines may issue Derivative Non-Collateralized Warrants.
- (b) The Underlying Shares for Derivative Non-Collateralized Warrants must have been registered with the Commission pursuant to the Revised Securities Act, unless otherwise exempt under Section 5 thereof and listed with the Exchange.
- (c) Pursuant to Section 5(b) of the Revised Securities Act, Derivative Non-Collateralized Warrants shall be exempt from registration with the Commission.

Note: See related note in Section 10(c) above.

- (d) The obligations of the Issuer under any derivative Non-Collateralized Warrant must be irrevocably and unconditionally guaranteed by and covered by a Stand-By letter of credit of a Guarantor.
- (e) The Exercise Period for the Derivative Non-Collateralized Warrants shall not be less than nine (9) months nor more than twenty-four (24) months from the date of issue of the Derivative Non-Collateralized Warrants.

SECTION 12. Kinds of Warrants – Warrants may be either Detachable or Non-detachable from their Beneficiary Securities. However, Derivative Warrants may be issued independent of any Beneficiary Securities.

SECTION 13. General Documentary Requirements – The following are the documentary requirements to be submitted for any application for listing of Warrants:

- (a) Within five (5) days from their execution, the Issuer shall submit to the Exchange the following:
 - (1) Original signed copy of the Warrant Instrument;
 - (2) Original signed copy of the Trust Agreement (for Covered Warrants);
 - (3) Original signed copy of the Guarantee Agreement (for Non-Collateralized Warrants); and
 - (4) Original signed copy of the Registrar’s Agreement.

- (b) At least two (2) business days prior to the offering period, the Issuer shall submit to the Exchange a copy of the Supplemental Information Memorandum issued by the Issuer in connection with the Warrant issue or any amendment or supplement thereto.
- (c) The Issuer purporting to issue Derivative Warrants may issue a Base Information Memorandum containing information in relation to the Issuer and Derivative Warrants which the Issuer considers will apply generally in respect of all Derivative Warrants to be issued by the Issuer. Such Base Information Memorandum shall be considered valid for a period of one (1) year from issuance thereof.
- (d) A copy of the Base Information Memorandum shall be submitted to the Commission within five (5) days from issuance thereof.
- (e) If the Issuer uses a Base Information Memorandum, the same shall be supported by a Supplemental Information Memorandum containing information which the Issuer considers specific to the Derivative Warrants proposed to be issued by the Issuer. Such Supplemental Information Memorandum must contain a declaration that the information contained in the Base Information Memorandum is up-to-date and is true and accurate as at the date of the Supplemental Information Memorandum or include details of any changes to the information contained in the Base Information Memorandum.

SECTION 14. Form and Contents of Warrant Certificates - All Warrants shall be evidenced by Warrant Certificates which must be signed by the President (or such other office and may be authorized by the Board of Directors) and the Corporate Secretary of the Issuer. In case of Detachable Subscription Warrants, the Warrant Certificate shall state the following on its face:

“The Warrant contained herein does NOT represent shares of stock; but a mere right to subscribe to shares of stock in the Issuer under the terms and conditions stated herein.”

In case of Non-detachable Warrants, the right granted under the Warrant shall be described in the stock certificate or instrument evidencing the Beneficial Securities. A Warrant Certificate or the stock certificate or instrument evidencing the Beneficial Securities where the Non-detachable Warrant is described, shall also state the following (whether on its face or on its reverse side):

- (a) The Warrant Certificate Number;

- (b) The par or issue value, class and number of the corresponding Underlying Shares;
- (c) The Exercise Price, or the formula for computing the same, or adjustments thereto;
- (d) Exercise Period and the Expiry Date of the Warrant;
- (e) The procedure for the exercise;
- (f) Summary of the provisions contained in the Warrant Instrument; and
- (g) The Exchange Ratio or the number of Underlying Shares which may be purchased by each Warrant.

The Warrant Certificates for Derivative Covered Warrants shall comply with the form and contents prescribed herein, except that in case of Detachable Derivative Covered Warrants, the Derivative Covered Warrant Certificate must state on its face:

“The Derivative Covered Warrant contained herein does NOT represent shares of Stock, but a mere right to purchase (class or type of stock) shares of stock of (name of corporation) owned by the Issuer under the terms and conditions stated therein.”

The Warrants Certificates for Derivative Non-Collateralized Warrants shall comply with the form and contents prescribed herein, except that in case of Detachable Derivative Non-Collateralized Warrants, the Derivative Non-Collateralized Warrant Certificate must state on its face:

“The Derivative Non-Collateralized Warrant contained herein does NOT represent shares of stock, but a mere right to purchase (class or type of stock) shares of stock of (name of corporation) to be made available by the Issuer under the terms and conditions stated herein.”

SECTION 15. Warrant Instrument – The Warrant Instrument must be signed by the Issuer, provided that, if the Issuer is a corporation, the Warrant Instrument must be signed by the President or Vice-President of the Issuer, and attested to by the Corporate Secretary, and sealed with the corporate seal. The Warrant Instrument shall include the information required under Section 8 hereof, and other terms and conditions for the exercise of the right granted in the Warrant. The terms of the Warrant Instrument for Derivative Warrants shall contain provisions sufficient to guarantee the issuance, transfer and conveyance of all the exercisable Underlying Shares, or the payment of

cash, as the case may be, if the Derivative Warrants are fully exercised. The terms of the Warrant Instrument shall constitute a direct obligation of the Issuer to the Warrantholders. An original signed copy of the Warrant Instrument shall be under the custody of the Warrants Registrar, and shall be available for inspection during business hours by any interested party.

Note: The information required to be included in the Warrant Instrument are set out in the definition of Warrant Instrument in Section 3 of this Article V, Part E, namely:

- (a) *The maximum Underlying Shares that can be purchased upon exercise or the Exchange Ratio;*
- (b) *The Exercise Period;*
- (c) *The Exercise Price; and*
- (d) *Such other terms and conditions as the Commission may require.*

SECTION 16. Exercise Period – Warrantholders may exercise the right granted under a Warrant within the Exercise Period. Within thirty (30) days from the date of availment, the Issuer shall submit to the Commission and the Exchange a list of those who exercised their rights under the Warrants, the total number of shares issued to or purchased by the Warrantholders resulting from such exercise, and the total amount of proceeds received therefrom.

SECTION 17. Exercise Price – The Exercise Price shall be at a price fixed at the time of application for registration of the Warrant or computed using a stated formula. The Exercise Price must be paid in full upon exercise, and shall not be less than the par value of the Underlying Shares, or not less than ₱5.00 per share, if the Underlying Shares are without par value.

The Exercise Price may be adjusted only if the Warrant Instrument provides for (i) the conditions under which adjustments in Exercise Price can be made, and (ii) the formula under which the adjusted Exercise Price can be determined. The Exercise Price may be adjusted only in any of the following circumstances occurring after the issuance of the Warrant:

- (a) Change in the par value of the Underlying Shares;
- (b) Declaration of stock dividends;
- (c) Offering of additional shares at a price different from the original exercise price;
- (d) Merger, consolidation or quasi-reorganization;
- (e) Disposition of a substantial portion of the assets of the corporation; and
- (f) Such other instances similar or analogous to the foregoing.

SECTION 18. Warrants Registry Book – An Issuer must have a Warrants Registry Book maintained by the Warrants Registrar independent of the Issuer. In the case of Subscription Warrants, the Stock and Transfer Agent of the Issuer shall be preferred in the appointment of the Warrants Registrar. Upon the exercise of the right granted under a Warrant, a notation to this effect shall be duly recorded in the Warrants Registry Book, and the purchase of the Underlying Shares shall be recorded in the Stock and Transfer Book of the corporation which issued the Underlying Shares.

SECTION 19. Transferability of Warrants – All Warrants referred to herein shall be freely transferable. In case of Non-detachable Warrants, they shall be transferred only together with the Beneficiary Securities.

Any sale, transfer, or assignment of a Warrant must be duly recorded in the Warrants Registry Book, including the names of the transferor and transferee, the number of Warrants transferred and the number of Underlying Shares covered by said transfer. Unless recorded in the Warrants Registry Book, the transfer of Warrants shall not be binding on the Issuer.

SECTION 20. Listing Requirements – The Warrants referred to herein may be listed in the Exchange or its successor together with the Beneficiary Securities (where appropriate) under existing rules for listing of securities, and under such other rules as the Exchange may adopt, provided, however, that the Warrants shall be automatically delisted upon the lapse of the Exercise Period. The listing of Warrants issued by Listed Companies shall be mandatory.

SECTION 21. Procedure

- (a) **Submission of Base Information Memorandum** – A Listed Company which plans to issue warrants should first submit its Base Information Memorandum to the Listings Committee for evaluation;

Note: With the abolition of the Listing Committee, the Management shall make the appropriate recommendation and present its report to the Exchange's Board of Directors for approval. (see Guidance Note 2)

- (b) **Commission Approval** – The Listed Company should simultaneously seek the approval of the Commission for their rights offering;
- (c) **Submission of Proposed Exercise Period** – The Listed Company shall submit the proposed Exercise Period to the Listings Committee at any time after approval by the Commission of the Warrants issuance.

Note: With the abolition of the Listing Committee, the Management shall make the

*appropriate recommendation and present its report to the Exchange's Board of Directors for approval. (see **Guidance Note 2**)*

- (d) Listing of Warrants** - The listing of Warrants shall be effected seven (7) Trading Days from submission of all requirements specified in the Listed Company's Notice of Approval. This rule is applicable to all types of securities except convertible bonds.

Note: The actual listing of Warrants will be scheduled three (3) trading days from the Company's compliance with all requirements specified in the Listed Company's Notice of Approval.

SECTION 22. Penalty for Failure to Comply with Deadlines - If the Listed Company fails to comply with the deadlines provided above, the Exchange shall determine the fifteen (15) days from said deadline whether there is a deliberate delay on the part of the Issuer to list the Warrants covered by the listing application by failing to submit the documents required by the Commission or through other similar means, the Listed Company shall be assessed a surcharge of twenty-five percent (25%) of the listing fee and other fees ("total listing fee") plus a one percent (1%) interest on the total listing fee for every day of delay prior to the Listing Date.

ARTICLE V ADDITIONAL LISTING OF SECURITIES

PART F FOLLOW-ON OFFERING

*Note: This Article III Part F was added to reflect the requirement to disclose the price range for follow-on offerings and stock rights offerings of common shares and Exchange Traded Funds and clarify the rules applicable to follow-on offerings. (see **Supplemental Rule 17**)*

SECTION 1. Applicability of Existing Rules -Subject to the provisions of Sections 3 and 4 below, Article III, Parts A, B, D (Section 4), and F of the Consolidated Listing and Disclosure Rules shall apply to follow-on offerings.

SECTION 2. Offering Price - For follow-on offerings of common shares and ETFs, the Applicant Company is required, upon filing of the listing application, to disclose in the Prospectus the offer price range consisting of a floor price and a cap. The floor price must be lower than or equal to the disclosed market price.

The Exchange shall not accept an application for follow-on offering of common shares and ETFs without disclosure of the offer price range.

SECTION 3. Allocation of offer shares to Local Small Investors shall be discretionary on the part of the Issuers.

SECTION 4. Offering Period - The period within which to offer shares to the public shall be determined by the Applicant Company, which shall not be less than five (5) trading days. The Applicant Company is prohibited from selling or in any manner disposing of its shares to the public, both locally and abroad, before the start of the offering period. The Exchange shall have the right to revoke the approval of the listing application if it finds that the Applicant Company violated the aforementioned rule. The listed company applying for additional listing shall submit to the Exchange for approval the final draft of its Offering/Information Memorandum and Subscription Agreement at least seven (7) calendar days before the start of the offering period and prior to the printing of the final draft.