



MEMORANDUM

No.2010-0204

The Philippine Stock Exchange, Inc.

<input type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: <u>Interpretation of the</u>
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	<u>Rule on Additional</u>
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	<u>Listing of Shares</u>

To : **ALL LISTED COMPANIES AND MARKET PARTICIPANTS**

Subject : **INTERPRETATION OF THE RULE ON ADDITIONAL LISTING OF SHARES FOR A PLACING AND SUBSCRIPTION TRANSACTION**

Date : **May 4, 2010**

Please be informed that in a regular meeting on April 28, 2010, the Board of Directors of the Exchange approved the attached interpretation of the Rule on Additional Listing of Shares provided under Article V, Part A of the Revised Listing Rules (see *Annex "A"*).

The attached interpretation is applicable to a transaction where an existing shareholder or related party, as defined in the Revised Listing Rules, sells its listed shares to a third party thereby reducing the existing shareholder's holdings in the listed company (the "placing tranche"). As part of the same transaction, the listed company subsequently issues to the related party at most the same number of shares as the shares sold (the "subscription tranche").

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



INTERPRETATION OF THE RULE ON ADDITIONAL LISTING OF SHARES FOR A PLACING AND SUBSCRIPTION TRANSACTION

This Interpretation of the Rule on Additional Listing of Shares for a Placing and Subscription Transaction (the "Interpretation") supplement and must be read in conjunction with the Rule on Additional Listing of Shares provided under Article V, Part A of the Revised Listing Rules of the Exchange (the "Rules").

1. This Interpretation is applicable to a transaction where an existing shareholder or related party, as defined in the Rules, sells its listed shares to a third party thereby reducing the former's holdings in the listed company (the "placing tranche"). As part of the same transaction, the listed company subsequently issues to the related party at most the same number of shares as the shares sold (the "subscription tranche"). In this regard, the transaction covered by this Interpretation involves placing and subscription tranches.
2. The Exchange may allow the additional listing of shares of a listed company pursuant to a placing and subscription transaction 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 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.
3. Notwithstanding the applicability of any of the provisions under the Revised Disclosure Rules of the Exchange, the listed company is required to disclose through a Comprehensive Corporate Disclosure (CCD) the following information through the Online Disclosure System (ODiSy) 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 majority and minority 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 the 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 10% or more of the listed company's issued and outstanding capital stock; and
 - iii. no related party, as defined in the Rules, 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 ODiSy in accordance with the Revised Disclosure Rules.

- 4. Upon proof of compliance with all the conditions and requirements under this Interpretation, the rights or public offering requirement provided under the Rule on Additional Listing of Shares will not apply to a placing and subscription transaction.
- 5. 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.