



MEMO FOR BROKERS

NO. 017-2005

The Philippine Stock Exchange, Inc.

<input type="checkbox"/> Trading Rules	<input type="checkbox"/> Computer Systems Update
<input type="checkbox"/> Membership Rules	<input type="checkbox"/> Administrative Matters
<input type="checkbox"/> Listing Rules	Others: <u>Implementing Guidelines for Companies Under Corporate Rehabilitation</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Date : **January 19, 2005**
 Subject : **Implementing Guidelines for Companies Under Corporate Rehabilitation**

The Securities and Exchange Commission, in its letter to the Exchange dated 23 December 2004, which the Exchange received on 19 January 2005, approved the ***Implementing Guidelines for Companies Under Corporate Rehabilitation***. The *Implementing Guidelines* shall forthwith be applied to all listed companies undergoing judicial proceedings for rehabilitation.

Attached is a copy of the *Implementing Guidelines* for your reference.

(Original Signed)
MA. PAMELA D. QUIZON-LABAYEN
Head, Disclosure Department

Noted by:

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President

Finance / Admin / Membership Tel. No. 688-7560/7440/7460	Compliance & Surveillance Grp. Tel. No. 688-7559	Listing & Disclosures Grp. Tel. No. 688-7501/7510	COO / Automated Trading Grp. Tel. No. 688-7405/819-4400	Business Dev't & Info. Group Tel. No. 688-7590	CEO / Legal Tel. No. 688-7400/819-4408

Implementing Guidelines on Companies under Corporate Rehabilitation

A. Issuance of Trading Suspension

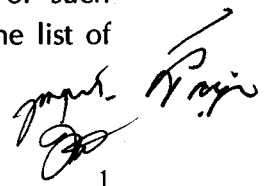
As provided for in the Listing & Disclosure Rules, a trading suspension shall immediately be issued upon receipt of the initial disclosure on any planned or actual filing of a petition for corporate rehabilitation. A Circular is issued to Trading Participants announcing the planned or actual filing, and the trading suspension to be effected. Listed companies shall likewise submit to the Commission and the Exchange a copy each of the Petition and all the annexes including the Proposed Rehabilitation Plan as filed with the court having jurisdiction over the rehabilitation proceedings, within twenty four (24) hours from actual filing thereof.

B. Lifting of the Trading Suspension

The Exchange shall disseminate any approval of the rehabilitation plan issued by the court. Upon approval of the rehabilitation plan, the Issuer shall submit a comprehensive corporate disclosure on the effects of the rehabilitation plan on the capital structure of the company, if any, within forty-eight hours from receipt of the approval of the Rehabilitation Plan. The disclosure shall then be released to Trading Participants upon receipt of the same, with the corresponding announcement on any changes to the capital structure of the company. The trading suspension shall be lifted five (5) trading days from release of the comprehensive corporate disclosure. The lifting of the trading suspension shall be effected whether or not an appeal is filed by any of the company's creditors, unless the implementation of the plan is restrained by the appellate court. In the event the appellate court restrains or enjoins the RTC and the parties from implementing the Rehabilitation Plan or reverses or sets aside the Order approving the Rehabilitation Plan, the Exchange shall immediately issue a trading suspension upon receipt of disclosure of such restraining order, injunction or order of reversal.

The Issuer shall likewise submit to the Commission and the Exchange a copy each of the Rehabilitation Plan as approved by the Court.

If a company is suspended for grounds other than the pendency of the proceedings for rehabilitation, trading suspension shall only be lifted upon the submission of such requirements that would entail lifting of the suspension, and/or removal from the list of candidates for delisting.



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C. Continued submission of Disclosure requirements

The pendency of corporate rehabilitation proceedings and the suspension of trading of the company's securities do not bar the applicability of the Revised Disclosure Rules and the reportorial requirements under the same. Material developments on the judicial proceedings are required to be disclosed by the Issuer, including any change or deviation from the approved rehabilitation plan. The continued submission of disclosure requirements remains the principal responsibility of the Issuer, including any information submitted by the rehabilitation receiver to the court.

While the Company is under Corporate Rehabilitation, the Exchange shall post in the 'Message Window' of the Maktrade System that the Company is 'under corporate rehabilitation'. Further, said reminder shall be included in the daily quotation that the Exchange distributes daily to the public. Any posting of a disclosure about the company into the PSE's website or Online Disclosure System shall bear the same reminder. These requirements shall remain in effect until such time that the status of the Company warrants the removal or amendment of said notice.

D. Delisting

When the court where the rehabilitation proceedings are pending dismisses the petition by denying due course to the same, the Exchange shall disseminate the information to the Trading Participants and the general public.

Should a company fail to implement the rehabilitation plan as approved by the court and under the terms and conditions set forth therein, or when rehabilitation proceedings are terminated prior to full implementation of the approved rehabilitation plan, the Exchange shall suspend the trading of the company's shares for the initiation of delisting procedures. Delisting procedures under these Guidelines shall be without prejudice to other grounds that may be applicable against a listed company.

E. Effectivity

These Guidelines shall take effect in accordance with Section 40.3 of the Securities Regulation Code.