

Presented by



THE ROAD
TO IPO
INFORMATION. PROGRESS. OPPORTUNITIES.

SME Forum

September 16 - 17, 2021
2:00 - 4:00 PM

PICAZO LAW

Picazo Buyco Tan Fider & Santos

THE ROAD TO IPO: SME FORUM PROGRAM

An Outline:

WHY do an IPO and List?

WHAT are the requirements?

WHY the requirements?

WHO are the parties to the process?

WHEN will the process be completed?

WHY DO AN IPO AND LIST?

1. Seal of Good Corporate Housekeeping
 - Elite Exclusive Club
2. Alternative Mode of Raising Funds
3. Tax-Planning and Estate Planning
 - Transfer Taxes on Sale of Shares
 - Documentary Stamp Tax
4. Protection against Hostile Take-Overs
 - Mandatory Tender Offers

THINGS TO DO BEFORE AN IPO AND LISTING

BASIC PREMISE

Change in Outlook and Mindset of Stockholders and Officers

- Private Closed Company to a Publicly-Held
And Traded Company
- Disclosure Requirements and Greater Scrutiny

REASON FOR CHANGE IN MINDSET 1

<i>GOVERNING LAW</i>	<i>PRIVATE</i>	<i>PUBLIC</i>
Corporation Code of the Philippines	✓	✓
National Internal Revenue Code	✓	✓
Securities Regulation Code	●	✓
PSE Listing Rules	●	✓

REASON FOR CHANGE IN MINDSET (2)

PSE Objective: The PRINCIPAL objectives are to provide a fair, orderly, efficient and transparent market for the trading of securities **XXX** *(Art. 1, Part A, Section 1, PSE Listing Rules)*

PSE General Principles:

Companies shall comply with the laws, regulations and **FULL DISCLOSURE RULES** and policies of the government
(Article I, Part A, Section 3(a), PSE Listing Rules)

PREPARATORY STEPS (1)

1. Corporate Clean up/Re-organization
 - Segregate Non-Corporate Properties
House, Condominium Unit, Cars,
Other Personal Assets
 - Related Party Transactions/Advances
 - Rationalize Business Units/Lines
Essential and Non-Essential Businesses
 - Professionalize Management Structure
 - Financial and Audit Systems

PREPARATORY STEPS (2)

2. Compliance with SEC and PSE Requirements

- Minimum Capital Structure
- Minimum Number of Directors
- Independent Directors (At Least 2)
- Code of Good Corporate Governance
 - Audit, Compensation and Nominations Committees
- Regular Board and Stockholders' Meetings
- Other Amendments to Articles and By-Laws

PREPARATORY STEPS (4A)

Major Documentary Submissions (SEC/PSE)

Prospectus and Contents

MD&A

Use of Proceeds

Board Members, Directors and Officers

Risk Factors and Mitigants

Annexes (Reports, Financials)

Appraisal and Valuation Reports

Business Plan (PSE Requirement)

WHO ARE NEEDED?

1. Committed and Focused Management Team
2. Services of Experienced Specialists
 - Financial Advisor/Consultant
 - Auditor
 - Issue Manager and Underwriter(s)
 - Legal Counsel
 - PR and Media Consultant
 - Stock Transfer Agent
3. Supportive Shareholders/Owners

WHAT IS THE END-PRODUCT?

1. Legal

- Corporation is compliant with SEC and PSE Registration and Listing Requirements
- Corporate Records In Order
- Code of Corporate Governance In Place

2. Financial

- Financial and Audit Systems In Order
- Compliant with IAS/PFRS

3. Marketing

- SHARES PRIMED FOR SALE

THE ROAD TO IPO: SME FORUM PROGRAM

Process Flow (1)

SEC:

MSRD, CGFD and OGA
Publication/Comments
Presentation
En Banc (Weekly)
Pre Effective Letter
Permit To Sell

PSE:

Listings Group
Comments
Presentation
PSE Board Approval

POST LISTING (5)

SEC Continuing Requirements

Quarterly, Annual and Current Reports

List of Shareholders

Corporate Governance Scoresheets

Annual Corporate Governance Seminar

Shareholders' Meetings

Reporting Requirements of Shareholders
and Directors and Officers

POST LISTING (6)

PSE Continuing Requirements

Annual Maintenance Fees

Minimum Public Float

Online Disclosure Process

Corporate Information Officer

Investor Relation Program

POST LISTING (10)

Liabilities and Sanctions

Insider Information and Insider Trading

Criminal, Civil and Administrative

Revocation of Permit To Sell

Delisting

Disqualification of Individuals

An illustration of two businesswomen shaking hands in a cityscape. The woman on the left is Black, wearing a yellow suit and a black briefcase. The woman on the right is White, wearing a green suit and a black briefcase. The background consists of stylized purple and blue buildings against a red sky. The text 'THANK YOU!' is written in large, bold, orange letters across the center of the image.

THANK YOU!

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