



**CONSOLIDATED  
LISTING AND DISCLOSURE  
RULES**

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## Foreword

The Consolidated Listing and Disclosure Rules (“Rules”) of The Philippine Stock Exchange, Inc. (“PSE”) is a compilation of all existing rules of the PSE governing the admission of securities to the Exchange’s registry and the continuing listing and disclosure requirements for listed companies. These Rules are consistent with the PSE’s status as a Self-Regulatory Organization and with the pertinent provisions of the Securities Regulation Code.

As the PSE continues to fulfill and enforce its role of providing a facility for fair, accurate, complete and timely information, these Rules shall serve as the single access point for all our stakeholders to better understand and get acquainted with the rules that we enforce.

Throughout the years, the PSE has consistently adopted world-class systems and global best practices to become a premier exchange. We hope that these Rules will highlight what we have accomplished as an Exchange in attaining this vision.



**Ramon S. Monzon**  
President and CEO  
The Philippine Stock Exchange, Inc.

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|               | 1.1 PSE Memorandum No. 2010-0501 dated 27 October 2010 re: Implementing Rules and Regulations of the Philippine Mineral Reporting Code                            |
|               | 1.2 PSE Memo for Brokers No. 220-2005 dated 8 September 2005 re: Interpretation of the Listing Rules for Mining Companies   |
|               | 1.3 PSE Memorandum CN_2021-0056 dated 4 November 2021 re: Effectivity of the 2020 Philippine Mineral Reporting Code (2020 PMRC)                                   |
| 2             | PSE Memorandum LA-No. 2011-0032 dated 1 September 2011 re: Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies          |
| 3             | PSE Memorandum No. 2020-0005 dated 7 February 2020 re: Amended Listing Rules for Real Estate Investment Trust (REITs)   |
|               | 3.1 PSE Memorandum MEA - No. 2022-0001 dated 13 June 2022 re: Effectivity of Amendments to the REIT Listing Rules on Lock-Up Exemption and Stockholders' Equity   |
|               | <i>Note: This rule further amended the 2020 Amended Listing Rules for REITs</i>   |
|               | 3.2 PSE Memorandum CN - No. 2023 - 0010 dated March 9, 2023 re: Amendments to the Consolidated Listing and Disclosure Rules and the Amended REIT Listing Rules    |
| 4             | PSE Memorandum No. 2010-0203 dated 4 May 2010 re: Amended Rule on Lodgment of Securities - Implementation of the Electronic Lodgment of all Registered Securities |
| 5             | PSE Memorandum No. 2011-0105 dated 9 March 2011 re: Amended Rules on Listing by Way of Introduction   |
| 6             | PSE Memorandum CN No. 2012-0003 dated 3 January 2012 re: Amended Rule on Minimum Public Ownership   |
|               | 6.1 PSE Memorandum CN No. 2012-0053 dated 28 September 2012 re: Amendments to the Reporting Requirements Under the Rule on Minimum Public Ownership               |
|               | 6.2 PSE Memorandum CN No. 2020-0076 dated 3 August 2020 re: Guidelines on MPO Requirements for Initial and Backdoor Listings                                      |
| 7             | PSE Memorandum CN - No. 2022-0026 dated 22 June 2022 re: Revised Rules on Backdoor Listing  |
| 8             | Rules on Delisting, as amended  |
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| 9      | PSE Memo for Brokers No. 085-2003 dated 24 March 2003 re: Rule on Substitutional Listing   |
| 10     | PSE Memo for Brokers No. 066-2004 dated 2 April 2004 re: Revision to Section 13.1. of the Revised Disclosure Rules   |
| 11     | PSE Memorandum CN-No. 2013-0010 dated 4 April 2013 re: PSE Rules on Exchange Traded Funds  |
| 12     | PSE Memorandum CN-No. 2021-0021 dated 24 March 2021 re: Amended Listing Rules, which superseded the PSE Memorandum CN-No. 2013-0023 dated 6 June 2013 re: Listing Rules for the Main and SME Boards of the PSE |
|        | 12.1 PSE Memorandum CN No. 2020-0080 dated 14 August 2020 re: Revisions to the Mandatory Lock-up Rule for Small, Medium and Emerging (SME) Board Listing   |
|        | 12.2 PSE Memorandum MEA-No. 2022-0003 dated 13 June 2022 re: Amendments to the Lock-Up Rule in the Main Board and SME Board Listing Rules  |
| 13     | PSE Memorandum CN - No. 2016-0078 dated 2 December 2016 re: Rules on Dollar Denominated Securities   |
| 14     | PSE Memorandum CN-No. 2016-0081 dated 8 December 2016 re: Supplemental Listing and Disclosure Rules Applicable to PPP Company  |
| 15     | PSE Memorandum MEA-No. 2022 - 0002 dated 13 June 2022 re: Effectivity of Amendments to the Rules for Local Small Investors   |
| 16     | PSE Memorandum CN-No. 2019-0012 dated March 22, 2019 re: New Fee Framework for Listing Applications  |
| 17     | PSE Memorandum CN-No. 2019-0013 dated March 22, 2019 re: Requirement to Disclose Price Range for Follow-on Offerings and Stock Rights Offerings of Common Shares and Exchange Traded Funds                     |
| 18     | PSE Memorandum CN No. 2021-0049 dated 31 August 2021 re: Amendments to Article VIII, Section 3 of the Consolidated Listing and Disclosure Rules  |
| 19     | PSE Memorandum CN - No. 2022-0023 dated 24 May 2022 re: Rule on Initial Listing through a Preferred Shares Offering  |
| 20     | PSE Memorandum CN - No. 2023-0012 dated March 21, 2023 re: Implementing Guidelines for the Listing of Issued and Outstanding Shares  |
| 21     | PSE Memorandum CN - No. 2023-009 dated March 7, 2023 re: Documentary Requirements and Fees for Accreditation of Sponsors and Documentary Requirements for SME Listing under Sponsor                            |

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## VII. GUIDANCE NOTES

| <b>Number</b> | <b>Guidance Note</b>   |
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| 1             | PSE Memo for Brokers dated 27 November 2007 re: Interpretation of the Suitability Rule of the Exchange   |
| 2             | Resolution No. 82, Series of 2006 of the Exchange's Board of Directors - Abolition of the Listing Committee  |
| 3             | Guidelines for Uploading of Required Documents with Access Restrictions  |
| 4             | PSE Memorandum No. 2010-0246 dated 21 May 2010 re: the Interpretative Guidelines for the Amended Rules on Lodgment of Securities with a copy of PSE Memorandum No. 2010-0233 dated 18 May 2010 |
| 5             | PSE Memorandum No. 2010-0229 dated 17 May 2010 re: Revised Procedures for Filing of a Listing Application  |
| 6             | Resolution No. 107, Series of 2010 of the Exchange's Board of Directors - Validity of Approval on a Listing Application  |



| <b>Number</b> | <b>Guidance Note</b>   |
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| 7             | Resolution No. 126, Series of 2006 of the Exchange's Board of Directors - Authority of the President and CEO to make amendments to Board-approved application            |
| 8             | PSE Memorandum No. 2011-0104 dated 9 March 2011 re: Guidelines for Fairness Opinions and Valuation Reports   |
|               | 8.1 PSE Memorandum CN - No. 2019-0028 dated 3 June 2019 re: Amendment to the Policy on Validity Period of the Accreditation of Firms for Valuation or Appraisal Purposes |
|               | 8.2 PSE Memorandum No. 2021-0009 dated 19 February 2021 re: Amendments to PSE Guidelines for Fairness Opinions and Valuation Reports                                     |
| 9             | PSE Memorandum No. 2011-0117 dated 18 March 2011 re: Documentary Requirements for Accreditation of Firms for Purposes of Issuing Fairness Opinions and Valuation Reports |
| 10            | PSE Memorandum No. 2010-0204 dated 4 May 2010 re: Interpretation of the Rule on Additional Listing of Shares for a Placing and Subscription Transaction                  |
| 11            | Resolution No. 126, Series of 2005 of the Exchange's Board of Directors- Revised Initial Listing Fee Structure   |
| 12            | PSE Memo for Brokers dated 17 December 2007 - New Annual Listing Maintenance Fee   |
| 13            | PSE Memorandum No. 2008-0182 dated 8 April 2008 re: Guidelines for Listed Companies on Posting Disclosures/Reports to their Websites                                     |
| 14            | PSE Memorandum DA - No. 2013-0726 dated 26 December 2013 re: Implementation of the PSE Electronic Disclosure Generation Technology                                       |
| 15            | PSE Memorandum CN - No. 2022-0010 dated 24 February 2022 re: Cut-off for Posting Disclosures on PSE EDGE Portal  |
| 16            | PSE Memo for Brokers No. 268-2002 dated 14 November 2002 re: Amendment to Section 10, Article XII (Stock Dividends), Listings and Disclosure Rules                       |
| 17            | PSE Memo for Brokers No. 38-2003 dated 6 February 2003 re: Deadline of Remittance of Cash Dividends Accruing to Shares not Lodged in PCD                                 |
| 18            | PSE Memorandum No. 2008-0315 dated 30 June 2008 re: Disclosure of Record and Payment Dates for Dividend Declarations   |

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| 19     | PSE Memorandum No. 2009-0272 dated 13 May 2009 re: SEC Memorandum Circular No. 2 Series of 2009 – Amended Rules Governing Pre-Emptive and Other Subscription Rights and Declaration of Stock and Cash Dividends of Corporations whose Securities are Registered under the Revised Securities Act or Listed in the Stock Exchange   |
| 20     | PSE Memorandum No. 2009-0214 dated 8 April 2009 re: Guidelines for requesting extension of deadline for filing Annual and Quarterly Reports  |
| 21     | PSE Memo for Brokers No. 537-2007 dated 8 November 2007 re: Updating of Monthly Foreign Ownership Level  |
| 22     | PSE Memo for Brokers No. 249-2007 dated 15 June 2007 re: Updating of Foreign Ownership Level   |
| 23     | PSE Memo for Brokers No. 437-2007 dated 24 September 2007 re: Updating of Foreign Ownership Level  |
| 24     | <p>Other policies, guidelines and practices related to listed shares:</p> <p>24.1 PSE Memo for Brokers No. 017-2005 dated 19 January 2005 re: Implementing Guidelines for Companies Under Corporate Rehabilitation</p> <p>24.2 Rules on Quasi-Reorganization</p> <p>24.3 PSE Notice to all Listed Companies re: Policy on Updating of Stock Certificates</p> <p>24.4 Implementing Guidelines on Article XVI, Section 2, Letter f of the Listing and Disclosure Rules of the Exchange – Companies with Negative Stockholders’ Equity</p> <p>24.5 Memo for Brokers No. 418-2007 dated 12 September 2007 re: Publication of Change in Corporate Name</p> <p>24.6 PSE Memorandum No. 2008 – 0356 dated 29 July 2008 re: Submission of Quarterly Public Ownership Report</p> <p>24.7 PSE Memorandum DA – No. 2012 – 0175 dated 30 July 2012 re: Public Ownership Reports of Listed Companies as of 30 June 2012</p> <p>24.8 PSE Memorandum No. 2008 – 0462 dated 3 October 2008 re: Disclosure of Changes in Lodgment and Upliftment Procedure of Listed Companies</p> <p>24.9 Monitoring of Use of Proceeds</p> <p>24.10 PSE Memorandum CN – No. 2014-0031 dated 13 June 2014 re: Reminder on SEC Memorandum Circular Nos.</p> |

| <b>Number</b> | <b>Guidance Note</b>   |
|---------------|--|
|               | 11 and 12, series of 2014 - Template for Publicly-Listed Companies' Websites and Changes/Updates in the Annual Corporate Governance Report |
| 25            | Guidelines in the Interpretation of Article III, Parts D and E of the Revised Listing Rules, as amended                                    |

## ARTICLE I GENERAL OBJECTIVES AND PRINCIPLES

### PART A GENERAL

**SECTION 1. Objective** – The principal objectives of the Exchange are to provide a fair, orderly, efficient and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.

*Note: The term “Exchange,” as used in the Rules, shall refer to The Philippine Stock Exchange, Inc.*

**SECTION 2. Purpose of the Rules** – The purposes of the Rules are to define and explain the policies and requirements for the listing of securities and the manner these securities are to be offered and to provide for the maintenance requirements for the continued listing of these securities.

*Note: The Consolidated Listing and Disclosure Rules, including any and all amendments as of date of publication of the Rules, shall hereinafter be referred to as the “Rules.”*

**SECTION 3. General Principles** – The Rules seek to establish, develop and maintain public confidence in the market. For this purpose, the Exchange shall require that:

- (a) Applicant Companies comply with the laws, regulations and full disclosure rules and policies of the Government;

*Notes: The term “Applicant Company” shall be used in the Rules interchangeably with the term “Issuer,” “Corporation,” “Listed Company,” or “Company.”*

*The term “Government,” as used in the Rules, shall refer to the Government of the Republic of the Philippines, including all its instrumentalities.*

- (b) Applicant Companies have standards of quality, operations, and size under efficient and effective management;
- (c) The issuance, offering and marketing of securities be conducted in a fair and orderly manner and the securities be widely and equitably distributed to the public;

- (d) The public be given adequate, fair, timely and accurate information about Applicant Companies and their securities, to enable it to make informed investment decisions;
- (e) Applications for listing on the Exchange be evaluated with fairness and equity; and
- (f) Directors and officers of the Applicant Company act in the interest of all their security holders as a whole, particularly where the public represents only a minority of the security holders or where a director or security holder owning a substantial amount of shares has a material interest in a transaction entered into by the Applicant Company.

**SECTION 4. Coverage on the Various Articles** – Unless otherwise specified in the particular article or section, the Rules shall be applicable generally to all listing of securities covered by the First Board, Second Board and the Small & Medium Enterprises (“SME”) Board.

*Note: On 20 May 2013, the Commission approved the Exchange’s proposed rules for Listing in the Main and Small, Medium and Emerging Boards of PSE (“Main and SME Board Listing Rules”), which superseded Parts D, E, and F of the 2004 Revised Listing Rules. The Main and SME Board Listing Rules have been further amended on 24 March 2021 (see **Supplemental Rule 12**).*

**SECTION 5. Compliance with Laws, Rules and Regulations** – Applicant Companies shall be bound by the Rules, the relevant laws of the Republic of the Philippines, the Listing Agreement and the rules, regulations and policies promulgated by the Commission and the Exchange.

*Note: The term “Commission,” as used in the Rules, shall refer to the Securities and Exchange Commission.*

**SECTION 6. Applicability of the Rules** – All Applicant Companies and Listed Companies shall be bound by the provisions of the Rules, including all subsequent rules and amendments thereto.

## ARTICLE I GENERAL OBJECTIVES AND PRINCIPLES

### PART B SUITABILITY RULE

*Note: For companies applying for initial listing, the Applicant Company shall submit a sworn undertaking from the highest-ranking corporate officer and Corporate Secretary to disclose to the Exchange within twenty-four (24) hours from the Applicant Company's knowledge thereof:*

- i. any change or development on any matter stated in all the Certifications submitted by the Corporate Secretary and each director, officer, promoter and/or control person; and/or*
- ii. the filing of any case by or against the Applicant Company and/or any of its directors, officers, promoters and/or control persons stating the relevant information thereon such as case title, names of the parties, case no., the judicial, quasi-judicial, administrative, executive or regulatory entity/body where the case is filed or initiated, the nature of the case, the brief description of the facts and issues involved, the amount involved (if applicable) and the current status thereof; and*
- iii. any material information, corporate act, development or event which would reasonably be expected to affect investors' decision in relation to the trading of its securities that may transpire from the date of filing of the listing application until listing date.*

**SECTION 1. Suitability Rule; Disqualifications from Listing of Securities** - The Exchange retains full discretion to accept or reject listing applications. In reaching its decision, the Exchange shall consider the following grounds for disqualification from listing of securities in the Exchange:

- (a) The Issuer fails to demonstrate its stable financial condition and prospects for continuing growth. For purposes of determining prospects for continuing growth, the steps that have been taken and to be undertaken in order to advance its business over a period of three (3) years under the statement of active business pursuits and objectives shall be used;
- (b) Any material representation or warranty made by the Issuer in its Listing Application, and other related documents submitted in relation thereto, is proven to have been incomplete, incorrect or misleading at the time it was made or deemed to have been made;
- (c) There is a serious question relating to the integrity or capability of the Issuer or any of its director, executive officer, promoter or control person. A serious question exists relative to the above persons and/or entities if, during the past five (5) years, any of the following events occurred:

- (i) Any petition for insolvency was filed by or against the Issuer or any of its directors or any business of which any of its directors was a director, general partner or executive officer either at the time of the insolvency or within two (2) years prior to that time;

*Note: While the Exchange's Suitability Rule only refers to a "petition for insolvency," the same cannot be construed as to exclude similar proceedings relating to indebtedness such as, but not limited to, bankruptcy, liquidation, rehabilitation and receivership.*

- (ii) Any conviction by final judgment in a criminal proceeding for an offense involving moral turpitude, domestic or foreign, including a *nollo contendere* case, or being subject to a pending criminal proceeding for an offense involving moral turpitude, domestic or foreign, excluding traffic violations and other minor offenses;

*Note: The Exchange shall only consider, in connection with the Suitability Rule, criminal cases involving moral turpitude where there was already a conviction in the Regional Trial Court (or Municipal Trial Court and other trial courts) in determining the suitability of listed and Applicant Companies. This is pursuant to the constitutional precept on presumption of innocence and in recognition of its duty to protect the investing public.*

*Thus, with respect to pending criminal cases for estafa, plunder and violations of the Anti-Graft and Corrupt Practices Act which cases involve moral turpitude in accordance with Supreme Court decisions, and where trial courts have NOT yet rendered any decision, the pendency of said criminal proceedings will not be considered as a ground for the rejection of the listing of securities of Applicant Companies. (Guidance Note 1 – PSE Memo for Brokers dated 27 November 2007 re: Interpretation of the Suitability Rule of the Exchange)*

- (iii) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (iv) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated

a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

- (d) The Issuer engages in operations which are contrary to the public interest, public morals, good customs, laws, rules and regulations, public order or public policy;
- (e) There exists an action or claim against all or substantially all (as defined under Section 40 of the Corporation Code of the Philippines) of the Applicant Company's property;

*Note: Section 40 of the Corporation Code is now Section 39 of the Revised Corporation Code.*

- (f) The Issuer or any of its officers and directors has become the subject of legal proceedings for suspension of payments or other debt relief within the past five (5) years, or otherwise becomes unable to pay its debts as they mature or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, creditors or any class thereof, or shall declare a moratorium on indebtedness;
- (g) The Issuer has applied for or has consented to the appointment of any receiver, trustee or similar officer, for its or substantially all of its property pursuant to the Rules of Court or other relevant laws; or a competent court, arbitrator or government agency appoints such officer, for the Applicant Company for all or substantially all of its property;
- (h) The introduction of a new law or regulation or any change in existing laws or regulations, which has a material and adverse effect on the Issuer;
- (i) There is a change or impending change in any law, rule, regulation, administrative practice or interpretation that could materially affect any of the features, yield or marketability of the securities sought to be listed;
- (j) An order is issued by the Commission or any government agency canceling, terminating, suspending or otherwise prohibiting the listing of securities of the Issuer;
- (k) The Exchange has determined that the transaction entered into between the Issuer and its directors and/or officers poses material



conflict(s) of interests and are disadvantageous to the Issuer using the following criteria:

- (i) The arrangement is unnecessary or not beneficial to the operations of the Issuer;
  - (ii) The terms of the arrangement are not the same or less favorable than those which may be obtained from other persons;
  - (iii) The transaction has not been ratified by independent directors and/or shareholders; or
  - (iv) The transaction has not been adequately disclosed to existing shareholders.
- (l) The Issuer fails to comply with published rules and requirements which the Exchange may deem necessary and hereinafter prescribe; and
- (m) Any other event or circumstance which, in the judgment of the Exchange in its conduct of due diligence, may render the listing of the Applicant Company's shares inconsistent with the Rules.

## ARTICLE II DEFINITION OF TERMS

**SECTION 1. Definition of Terms** – For purposes of the Rules, unless the context provides otherwise, the following terms shall have the following definitions:

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| Affiliate                                      | a person who directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the person specified, through the ownership of voting shares or other means such as contractual agreements.  |
| Associate                                      | when used to indicate a relationship with any person or entity, refers to: (a) any corporation or organization of which such person is an officer or a partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities; (b) any corporation, trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such person, or anyone who has the same home as such person or who is a director or officer of any of its parent companies or subsidiaries. |
| Appraisal                                      | the estimation of the value of property made by an appraiser accredited by the Exchange and the Commission.   |
| Applicant Company                              | the corporation whose securities are sought to be listed in the Exchange.   |
| Beneficial Owner<br>or<br>Beneficial Ownership | any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or to direct the voting of such security; and/or investment returns or power, which includes the power to dispose of, or to direct the disposition of such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is:  |

- i. held by members of his immediate family sharing the same household;
- ii. held by a partnership in which he is a general partner;
- iii. held by a corporation of which he is a controlling shareholder; or
- iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such shares were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the Issuer:
  - (a) a broker dealer;
  - (b) an investment house registered under the Investment Houses Law;
  - (c) a bank authorized to operate as such by the Bangko Sentral ng Pilipinas;
  - (d) an insurance company subject to the supervision of the Office of the Insurance Commission;
  - (e) an investment company registered under the Investment Company Act;
  - (f) a pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Office of the Insurance Commission or relevant authority; and
  - (g) a group in which all of the members

are persons specified above.

All securities of the same class beneficially owned by a person, regardless of the form such beneficial ownership takes, shall be aggregated in calculating the number of shares beneficially owned by such person.

A person shall be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership within thirty (30) days, including, but not limited to, any right to acquire: through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to automatic termination of a trust, discretionary account or similar arrangement.

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| Bond                 | any interest-bearing or discounted government or corporate security that obligates the Issuer to pay the bondholder a specified sum of money, usually at specific intervals, and/or to repay the principal amount of the loan at maturity date, which is usually more than one (1) year from date of issuance. |
| Book Value Per Share | the value of the share of stock of a corporation, as determined by its assets net of liabilities divided by the number of shares outstanding.  |
| Cash Dividends       | cash payment declared by the Board of Directors of the Corporation for distribution to its stockholders out of its current earnings or accumulated profits.  |
| Commission           | the Securities and Exchange Commission.  |
| Cum-Dividend         | literally means “with dividends.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is entitled to receive the dividend that is attached to the share of stock.  |
| Cum-Rights           | literally means “with rights.” This is usually used to describe a period or a situation wherein the buyer of a   |

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|                           | share of stock of an Issuer is entitled to exercise a right that is attached to the share of stock.   |
| Cumulative Pre-Tax Profit | the algebraic sum of the pre-tax profits.   |
| Director                  | the director of a corporation whose securities are, or are sought to be, listed on the Exchange.  |
| Dividends                 | the payment in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them out of the unrestricted retained earnings as declared by the board of directors of a stock corporation.  |
| Ex-Dividend               | literally means “without dividends.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is not entitled anymore to receive the dividend that is attached to the share of stock that he has purchased. The entitlement to the dividend is retained by the seller. |
| Ex-Dividend Date          | the date set by the Exchange during which the stock starts trading with the buyer of the stock not being entitled to receive the attached dividend.   |
| Ex-Rights                 | literally means “without rights.” This is usually used to describe a period or a situation wherein the buyer of a share of stock of an Issuer is not entitled anymore to exercise a right that is attached to the share of stock that he has purchased. The right is retained by the seller.                              |
| Ex-Rights Date            | the date set by the Exchange during which the stock starts trading with the buyer of the stock not being entitled to exercise the attached right.   |
| Expert                    | one who is qualified to give an opinion as to a fact which requires special knowledge and experience.   |
| Extraordinary item        | arises from events or transactions of material effect that are distinguished by their unusual nature and by the infrequency of their occurrence. For an item to be classified as extraordinary, the event of transaction  |

which gave rise to it should meet these two (2) criteria:

- i. Unusual nature - The underlying event or transaction should possess a high degree of abnormality, be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates; and
- ii. Infrequency of occurrence - The event should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Items which are either unusual in nature or occur infrequently, but do not meet both criteria, should not be classified as extraordinary items.

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| Fiscal Year             | a period of twelve (12) months designated as the accounting period for annual reports as provided in the By-Laws of the Applicant Company.  |
| Infrastructure Projects | power generation, water supply, construction and maintenance of highways, seaport, airport, and/or telecommunications projects determined by the Exchange to be beneficial to the investing public and the national economy as a whole. |
| Investment House        | a duly licensed enterprise authorized to underwrite securities of another person or enterprise, including securities of the Government and its instrumentalities.   |
| Issue Manager           | the person who acts as the financial adviser to the Issuer and is charged with the function of distribution and allocation of securities in any public offering and who may or may not be a part of the underwriting syndicate.         |
| Issuer                  | a corporation whose securities are listed, sold or offered for sale to the public.  |

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| Listing                   | the admission of securities for trading and the inclusion in the official registry of the Exchange.  |
| Listing Committee         | the committee constituted by the Board of Directors of the Exchange to act on and to effectively recommend to the Board of Directors the proper course of action on all listing applications or cases and formulate rules and policies governing listing.<br><br><i>Note: Pursuant to a resolution issued and approved by the Exchange's Board of Directors on 26 April 2006, the Listing Committee has been abolished on 26 April 2006 and its functions have been assumed by the Exchange's Management, unless otherwise specified in the Rules. (Guidance Note 2 - Resolution No. 82 Series of 2006 of the Exchange's Board of Directors)</i> |
| Listings Department       | the Department which ensures the proper listing of the securities with the Exchange, and compliance with the provisions of the relevant laws and the rules of the Exchange governing listed companies.   |
| Market Capitalization     | the product of total number of securities issued, subscribed and to be subscribed, multiplied by the offer price per share. For purposes of determining the Annual Listing Maintenance Fee ("ALMF"), market capitalization shall be computed as the number of listed shares multiplied by the last traded price.   |
| Market Value              | the price of a security based on the quotations in the Exchange.   |
| Material Fact/Information | any fact/information that could result in a change in the market price or value in any of the Issuer's securities, or would potentially affect the investment decision of an investor.   |
| Offering Period           | the period within which securities will first be made available for sale to the public.  |
| Operating History         | generally uninterrupted commercial operations, the period specified, during which revenues are generated.  |
| Option                    | a privilege existing in one person for a consideration   |

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|                     | which gives him the right to buy or sell specified securities from another person, if he chooses, at any time within an agreed period, at a price which is fixed or based on a stated formula.   |
| Paid-Up Capital     | the amount paid for subscribed capital stock.  |
| Par Value           | the value of a share of stock as stated in the Company's Articles of Incorporation.  |
| Parent Company      | an affiliate controlling another company directly or indirectly through one or more intermediaries.  |
| Person              | an individual, corporation, partnership, association, a trust, any unincorporated organization, or government or political subdivision thereof.  |
| Philippine National | a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent (60%) of the fund will accrue to the benefit of Philippine nationals; provided, that where a corporation and its non-Filipino stockholders own stocks in a Securities and Exchange Commission registered enterprise, at least sixty percent (60%) of the outstanding capital stock and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporation shall be considered a Philippine national. |
| Pre-Emptive Rights  | the right of the stockholder of the company to subscribe to all issues or disposition of shares of any class in proportion to his shareholdings, before the shares are offered to the general investing public or by way of private placement.   |



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| Pre-Tax Profits                              | profits before income tax.  |
| Principal/Substantial Shareholder            | every person who is directly or indirectly the beneficial owner of ten percent (10%) or more of any class of any equity security which is registered pursuant to the Securities Regulations Code.<br><br><i>Note: The Securities Regulation Code, including its implementing rules and regulations, shall be referred to in the Rules as "SRC."</i> |
| Private Placement                            | the sale of securities to less than twenty (20) persons.  |
| Prospectus                                   | a written document prepared in conformance with the SRC Rule 8.1.3 and submitted by an Issuer as part of a registration statement filed with the Commission pursuant to Sections 8 and 12 of the SRC to sell, or offer for sale, securities to the public. This may also be referred to as the "Offering Memorandum."                               |
| Proxy  | an authority or power to represent or vote a share of stock. It may also refer to the person authorized to vote the share of stock.   |
| Record Date                                  | the date on which the shareholder must be a registered owner in order to receive dividends or rights declared by the Issuer.  |
| Red Herring                                  | refers to a Preliminary Prospectus  |
| Redeemable Securities                        | securities issued by a corporation which may be repurchased from their holders as expressly provided for in its Articles of Incorporation and indicated on the certificates representing said securities.   |
| Share of Stock<br>or<br>Share<br>or<br>Stock | a unit of equity ownership in a corporation.  |
| Stock Certificate                            | a document evidencing ownership by a shareholder in a corporation.  |

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| Stock Dividends       | dividends paid in the form of shares of stock of a company.  |
| Stockholders          | stockholders of record as reflected in the books of the company.   |
| Stock Option          | the right to purchase or sell a specified number of shares of stock for a certain price within a specified period.   |
| Subscription Contract | any contract for the acquisition of securities issued by a corporation.  |
| Subsidiary            | an affiliate controlled by another corporation directly or indirectly through one or more intermediaries.  |
| Trading Day           | any day when the Exchange is open for business.  |
| Treasury Shares       | shares of stock which were previously issued and fully paid, but subsequently reacquired by the issuing corporation by purchase, redemption, donation, or through some other lawful means. |
| Underwriter           | a duly licensed and authorized investment house or universal bank which undertakes and guarantees the distribution of securities to the public.  |
| Underwriting          | the act or process of guaranteeing the distribution and sale of securities issued by another person or enterprise, including securities of the Government or its instrumentalities.        |
| Voting Shares         | shares of stock entitled to vote for election of directors, and or other matters presented to the stockholders for approval.   |

*Note: Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing the masculine include the feminine and neuter and vice versa.*

## ARTICLE III EQUITY SECURITIES

### PART A GENERAL REQUIREMENTS FOR INITIAL LISTING

**SECTION 1. Application for Admission to Listing; General Documentary Requirements** – The Applicant Company shall submit the documentary requirements set forth in Appendix 1.

*Notes: The documentary requirements are set forth in the checklists for initial and additional listings. (Appendix 1 – Checklist of documentary requirements for initial and additional listing applications)*

*The Exchange has a standard format for the Application for Listing of Stocks, Agreement with Registrar or Transfer Agent and Distribution of Capital Stock to its Stockholders. (Appendix 1-A – Exchange’s standard format for the Application for Listing of Stocks, Agreement with Registrar or Transfer Agent and Distribution of Capital Stock to its Stockholders). These forms cannot be re-typed.*

*The Additional Documentary Requirements for a Mining Company took into consideration the requirements under the Rules, the Philippine Mineral Reporting Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“PMRC”) and the Implementing Rules and Regulations of the PMRC. (Supplemental Rule 1 – PSE Memorandum No. 2008-0406 dated 22 August 2008 re: Philippine Mineral Reporting Code; Supplemental Rule 1.1 – PSE Memorandum No. 2010-0501 dated 27 October 2010 re: Implementing Rules and Regulations of the Philippine Mineral Reporting Code; Supplemental Rule 1.2 – PSE Memo for Brokers No. 220-2005 dated 8 September 2005 re: Interpretation of the Listing Rules for Mining Companies; and Supplemental Rule 1.3 – PSE Memorandum CN\_2021-0056 dated 4 November 2021 re: Effectivity of the 2020 Philippine Mineral Reporting Code [2020 PMRC])*

*The Supplemental Documentary Requirements for Petroleum and Renewable Energy Companies took into consideration the requirements under the Rules and the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies. (Supplemental Rule 2 – PSE Memorandum LA-No. 2011-0032 dated 1 September 2011 re: Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies)*

*The checklist for Initial Public Offering – Real Estate Investment Trust (“REIT”) took into consideration the requirements under the Rules and the Listing Rules for Real Estate Investment Trust (REITs). (Supplemental Rule 3 – PSE Memorandum No. 2010-0460 dated 29 September 2010 re: the Listing Rules for Real Estate Investment Trust [REITs]; Supplemental Rule 3 – PSE Memorandum No. 2020-0005 dated 7 February 2020 re: Amended Listing Rules for Real Estate Investment Trust [REITs]; and Supplemental Rule 3.1 – PSE Memorandum MEA – No. 2022-0001 dated 13 June 2022 re: Effectivity of Amendments to the REIT Listing Rules on Lock-Up Exemption and Stockholders’ Equity)*

*The Supplemental Documentary Requirements for Public-Private Companies Listing with the Exchange took into consideration the requirements under the Supplemental Listing*

*and Disclosure Rules Applicable to a PPP Company. (Supplemental Rule 14 – PSE Memorandum CN No. 2016-0081 dated 8 December 2016 re: Supplemental Listing and Disclosure Rules Applicable to a PPP Company).*

*The Checklist of Documentary Requirements for SME Board Listing under the Sponsor Model took into consideration the requirements under the Amended Listing Rules. (Supplemental Rule 12 - PSE Memorandum CN-No. 2021-0021 dated 24 March 2021 re: Amended Listing Rules)*

**SECTION 2. Listing Agreement** – Upon the filing of the application for initial listing, the Applicant Company shall enter into an agreement with the Exchange manifesting its conformity to comply with and be bound by all the listing rules, requirements and policies of the Exchange.

*Note: The Listing Agreement must be secured from the Exchange. The Applicant Company must submit four (4) original copies of the Listing Agreement.*

**SECTION 3. Publication of Application** – The Applicant Company shall cause the publication of a notice of the fact of filing of the listing application with the Exchange and registration statement as required under the SRC, or any amendment or revisions thereof, and other pertinent laws. For that purpose, the Applicant Company shall submit Affidavits of Publication signed by duly authorized representatives of the newspapers concerned, attesting to its publication.

**SECTION 4. Engagement of Underwriter** – The Applicant Company shall engage the services of a duly licensed Underwriter, who, among others, shall firmly underwrite the entire issue. The Underwriter may likewise act as the Applicant Company's lead Underwriter/Issue Manager. The Applicant Company may at its option, engage the services of another entity to act as its lead Underwriter/Issue Manager to manage the issue. The lead Underwriter shall exercise due diligence to ascertain that all material information contained in the Applicant Company's Prospectus, REIT Plan or Offering Memorandum, including their amendments or supplements, are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in the Applicant Company's Prospectus or Offering Memorandum not misleading.

*Note: The duly signed mandate letter of the Underwriter as well as the draft Underwriting Agreement must be submitted to the Exchange upon filing of the listing application.*

**SECTION 5. Issue Managers' and Underwriters' Undertaking** – Upon the filing of the application for initial listing, the Applicant Company shall submit to the Exchange the written undertaking of the Issue Managers and Underwriters manifesting their conformity to comply with and be bound by all the applicable

listing and disclosure rules, requirements and policies of the Exchange in relation to the issue applied for by the Applicant Company.

**SECTION 6. Engagement of Stock Transfer Agent** - The Applicant Company shall engage the services of a duly licensed stock transfer agent acceptable to the Exchange.

The Applicant Company shall take full responsibility for all the acts of its transfer agent. The Applicant Company shall execute and submit an undertaking, holding itself jointly and severally liable for all the acts of its transfer agent in relation to the issue.

**SECTION 7. Duties and Obligations of a Transfer Agent** - The following are, among others, the duties and obligations of a transfer agent of a Listed Company:

- (a) It shall only issue or register securities of the Issuer authorized for issuance and listing by the Exchange;
- (b) It should not have any backlog in the transfer and registration of shares at the time of appointment by the Issuer;
- (c) For securities already traded in the Exchange and lodged with the Philippine Central Depository, Inc. ("PCD"), the transfer agent, when requested by the shareholder and when delivery of the necessary documents relative to said request is in order, shall issue the certificate(s) not later than fifteen (15) Trading Days from receipt of request, unless a longer period has been agreed upon by the shareholder and/or authorized by the Exchange;

*Note: The functions of the PCD have been assumed by the Philippine Depository and Trust Corporation ("PDTC"). Any and all references to the PCD in the Rules shall refer to PDTC or any other entity duly authorized by the Commission.*

- (d) The transfer agent, when requested by the Clearing Agency/Depository or by the brokerage firm to confirm whether the certificates delivered are valid and not defective, shall issue such confirmation within two (2) Trading Days from receipt of such request. In the event the certificates delivered are found defective, the transfer agent shall notify the Clearing Agency/Depository or brokerage firm within two (2) Trading Days. A longer turnover period may be agreed upon in case the books of the corporation are

declared closed or may be opted by the investor based on the stated procedures of the transfer agent.

**SECTION 8. Disclosure** – The Applicant Company shall fully disclose any and all material information relative to the issue. The Exchange may require disclosure of additional or alternative items of information as it considers appropriate and material in any particular case.

The Applicant Company must show its willingness to comply with the full disclosure policy of the Exchange and Commission. If during the application for initial listing, the Applicant Company fails to make a timely disclosure of material information or deliberately misrepresents material facts to the Exchange, then the Exchange may consider said actions as evidence of the Applicant Company's refusal to comply with the full disclosure policy of the Exchange and Commission and on the basis thereof, reject the listing application.

**SECTION 9. Listing of Issued and Outstanding Shares and Other Securities, Including Treasury Shares** – All issued and outstanding securities of the type and class applied for, including treasury shares, shall be applied for listing in the Exchange.

**SECTION 10. Full Payment of Issued and Outstanding Shares** – Only fully paid subscribed securities can be applied for listing in the Exchange.

**SECTION 11. Minimum Number of Directors** – Upon the filing of the listing application, the Applicant Company shall have and maintain a minimum of seven (7) directors.

**SECTION 12. Applicable Fiscal Year** – The Applicant Company shall be prohibited from changing its fiscal year if the purpose of the change is to take advantage of exceptional or seasonal profits in order to show a better profit record.

**SECTION 13. Stabilization Fund** – An Applicant Company which conducts a secondary offering (as defined in the Rules) shall have a stabilization fund in the following amounts:

| OFFER SIZE                  | AMOUNT OF STABILIZATION FUND                              |
|-----------------------------|---|
| Up to ₱10 Billion           | Not less than 10% but not more than 15% of the base offer |
| More than ₱10 Billion up to | Not less than 12.5% but not more                          |

| OFFER SIZE            | AMOUNT OF STABILIZATION FUND |
|-----------------------|------------------------------|
| ₱25 Billion           | than 15% of the base offer   |
| More than ₱25 Billion | 15% of the base offer        |

The Applicant Company shall ensure that any price stabilization activity shall not cause the Company to be in breach of the minimum public ownership requirement.

The stabilizing agent shall submit a weekly report to the Exchange of any price stabilization activity conducted during the permitted stabilization period or of the fact that no stabilization activity was conducted within that week. If the stabilization fund is fully utilized prior to the expiry of the permitted stabilization period, the Issuer shall disclose such fact to the Exchange in accordance with Section 4.1 of the Revised Disclosure Rules.

For the avoidance of doubt, any stabilization activity shall require prior approval of the Commission, in accordance with the Securities Regulation Code. The Applicant Company or the stabilizing agent shall submit to the Exchange a copy of the said approval prior to the start of the offer period.

**SECTION 14. Offering Price** - The offering price for initial public offerings shall be at the discretion of the Applicant Company.

**SECTION 15. Red Herring Prospectus** - The Applicant Company shall submit its Red Herring Prospectus to the Listings Department at least seven (7) calendar days prior to its presentation to the Listing Committee.

*Note: In view of the abolition of the Listing Committee, the Red Herring Prospectus shall be presented to the Exchange's Management. (see **Guidance Note 2**)*

**SECTION 16. Offering Prospectus, Press Releases and Other Similar Documents** - All offering Prospectus, primers, subscription agreement forms, newspaper prints, advertisements, press releases and the like in connection with the initial listing shall first be submitted to the Exchange for review and disclosure purposes.

*Note: The Exchange requires soft copies of certain documents, such as the Prospectus, in relation to an Applicant Company's listing application. However, in case the relevant document is subject to restrictions under foreign laws or regulations, the Applicant Company may submit a written request to the Exchange that the said relevant document be made available for downloading by the public at the Applicant Company's website in*

*accordance with the Exchange's Guidelines for Uploading of Required Documents with Access Restrictions. (Guidance Note 3 – Guidelines for Uploading of Required Documents with Access Restrictions)*

**SECTION 17. Lodgment of Securities** – As a condition for the listing and trading of the securities of an Applicant Company, the Applicant Company shall electronically lodge its registered securities with the Philippine Depository and Trust Corporation (“PDTC”), or any other entity duly authorized by the Commission, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, the actual listing and trading of securities on the scheduled listing date shall take effect only after the submission by the Applicant Company of the following:

- (a) Sworn corporate secretary’s certificate stating that all the securities have been issued in uncertificated form in accordance with the requirements of Section 43 of the SRC and electronically lodged with the PDTC or any other entity without any jumbo or mother certificate;
- (b) Written confirmation issued by the transfer agent confirming that it has the capability and capacity to handle the issuance and transfer of uncertificated securities; and
- (c) Written confirmation issued by the PDTC or any other entity confirming the electronic lodgment of the Applicant Company’s securities.

The above requirements shall also apply to follow-on offerings and additional listing applications.

*Notes: The above Section 16 was amended to reflect the provisions of the Amended Rule on Lodgment of Securities. (Supplemental Rule 4 – PSE Memorandum No. 2010-0203 dated 4 May 2010 re: Amended Rule on Lodgment of Securities – Implementation of the Electronic Lodgment of all Registered Securities)*

*Subsequently, the Exchange issued interpretative guidelines on the Amended Rule on Lodgment stating that the said amended rule shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the Commission.*

*The interpretative guidelines stated that the Amended Rule on Lodgment of Securities is applicable to listing applications involving:*

- *The offer of shares/securities of the Applicant Company in case of an initial public offering;*
- *The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Commission in the case of a Listing by Way of Introduction;*



- *New securities to be offered and applied for listing by an existing Listed Company; and*
- *Additional listing of securities of an existing Listed Company.*

*The Amended Rule on Lodgment of Securities is applicable to Companies applying for initial listing starting 1 July 2009. On the other hand, existing listed companies are mandated to comply with the Amended Rule on Lodgment of Securities starting 1 July 2010. (Guidance Note 4 – PSE Memorandum No. 2010-0246 dated 21 May 2010 re: the Interpretative Guidelines for the Amended Rules on Lodgment of Securities with a copy of PSE Memorandum No. 2010-0233 dated 18 May 2010)*

**SECTION 18. Implementation of the Lock-Up** – In order to faithfully observe the lock-up provision, the Exchange shall require the Applicant Company to lodge the shares with the PCD through a PCD participant or any other entity authorized by the Commission for the electronic lock-up of the subject shares or enter into an Escrow Agreement with the Trust Department or custodian unit of an independent and reputable financial institution that is acceptable to the Exchange in order to have the subject shares physically delivered to the escrow agent for deposit and safekeeping during the lock-up period. The Escrow Agreement shall contain, among others, the following points:

- (a) The Company shall ensure that the lock-up shares are electronically registered with the PCD through a PCD participant or any other entity authorized by the Commission for the electronic lock-up of the subject shares for safekeeping;
- (b) The escrow agent shall notify and seek prior approval from the Exchange before the subject shares are removed from its custody;
- (c) The escrow agent shall immediately inform the Exchange of a subsequent event if in its sound judgment, it perceives that there is a potential violation of the agreement; and
- (d) Within seven (7) calendar days after the lapse of the lock-up period stipulated in the Escrow Agreement, the escrow agent shall make a final report to the Exchange on the total number of shares held in escrow and other information required by the Exchange.

The Applicant Company shall furnish the Exchange a certified true copy of the Escrow Agreement at least seven (7) calendar days before the start of the Offering Period.

*Note: Please see related note in Section 7 above. A draft Lock-Up or Escrow Agreement must be submitted to the Exchange for review prior to the execution of the same.*

**SECTION 18.1. Other Arrangements or Agreements; Conditions** - In cases where the Applicant Company has more than one hundred (100) security holders and either the Exchange or the provisions of the Rules require a lock-up of all existing securities of the Applicant Company, the Exchange may, at its discretion, accept other arrangements or agreements executed by the Applicant Company for the purpose of complying with the lock-up requirements; provided that the said arrangements or agreements may be availed of by the Applicant Company and accepted by the Exchange only if the following conditions exist:

- (a) The Applicant Company has successfully placed ninety-eight percent (98%) of its security holdings subject to lock-up through an escrow agreement as described above;
- (b) The Applicant Company must show that the alternative arrangements and agreements adopted by the Applicant Company for the lock-up are effective means of locking-up the security holders and have substantially the same effect or in case of contracts, the same provisions required under said escrow agreement; and
- (c) The securities of major security holders and security holders who are project proponents or officers and directors of the Applicant Company and their immediate family must be locked-up by means of an escrow agreement as described above.

In all cases, the Applicant Company shall cause the recording of the securities subject of the lock-up in the books of the Company. The Applicant Company shall furnish the Exchange a sworn corporate secretary's certification stating that the subject securities are duly recorded in the Applicant Company's books at least seven (7) calendar days before the offer period.

**SECTION 19. Responsibility of Directors and Officers of the Applicant Company and Lead Underwriter** - Directors and officers of the Applicant Company are required to accept responsibility for the information which the listing application and all documents submitted to the Exchange contain, including its Prospectus. A statement to that effect shall be incorporated in the Prospectus. Moreover, the last page of the Prospectus or Offering Memorandum shall contain the following:

- (a) A statement that the Applicant Company and the lead underwriter(s) have exercised due diligence in ascertaining that all material representations contained in the Prospectus or Offering Memorandum, their amendments and supplements are true and correct and that no material information was omitted, which was

necessary in order to make the statements contained in said documents not misleading; and

- (b) The name and signature of a majority of the members of the Board of Directors of the Applicant Company and the chief executive officer/ chief operating officer of the Applicant Company and the lead underwriter(s).

## ARTICLE III EQUITY SECURITIES

### PART B PROCESSING OF LISTING APPLICATIONS

*Note: Sections 1, 5, and 9 of this Article III Part B were amended and Section 11 was added to reflect the New Fee Framework for Listing Applications (Supplemental Rule 16 - PSE Memorandum CN No. 2019-0012 dated 22 March 2019 re: New Fee Framework for Listing Applications)*

**SECTION 1. Acceptance of Listing Application** – An application for listing shall only be accepted upon payment of the filing fee and submission of all documentary and other requirements to the Listings Department of the Exchange.

**SECTION 2. Submission of Registration Statement and Listing Application** – The Applicant Company shall file simultaneously with the Exchange its listing application as it files with the Commission its Registration Statement.

*Notes: The Exchange has adopted the following revised procedures for filing a listing application effective 1 June 2010:*

- 1. The Applicant Company shall submit two (2) printed copies of each required document: one (1) original copy, or when specified, certified true copy; and one (1) photocopy of each document. The printed copies must be bound in the order as indicated in the applicable checklist, and must be properly tabbed;*
- 2. The Applicant Company shall submit a CD or DVD containing a scanned copy of each required document in .pdf format. The filename for each .pdf file must clearly indicate the type of document (e.g. Application for Listing of Stocks, Articles of Incorporation, Background of Top 20 Stockholders, etc.). The CD or DVD must be properly labeled with the Applicant Company's name, the type of listing application and the date of filing;*
- 3. For an application covering an initial public offering, listing by way of introduction, follow-on offering or stock rights offering, the Applicant Company shall submit a soft copy of the draft Prospectus in MSWord or .doc format;*
- 4. The Applicant Company shall submit a sworn corporate secretary's certification that (i) the photocopies submitted are true copies of the original documents and (ii) the hard copies and soft copies are identical; and*
- 5. Should the Applicant Company be required to submit any additional document after the listing application is officially filed, Steps 1 and 2 above shall be observed unless the Exchange specifies that the soft copy of the additional required document may be submitted through electronic mail.*

*The Exchange will not accept a listing application that is not compliant with the foregoing procedures. (Guidance Note 5 – PSE Memorandum No. 2010-0229 dated 17 May*

*2010 re: Revised Procedures for Filing of a Listing Application)*

**SECTION 3. Letter of Non-Receipt of Applications** – If the Applicant Company fails to submit the complete set of basic documentary requirements for listing, the Exchange shall issue to the Applicant Company a Letter of Non-Receipt of Application. If certain required documents are currently unavailable or are inapplicable, the Applicant Company must explicitly state so in writing and explain the reason for the unavailability or inapplicability. Should any of the requirements be unavailable at the time of filing, the Applicant Company should state as to when such requirement shall be submitted.

**SECTION 4. Processing Period** – The processing of the application by the Listings Department shall not be less than twenty (20) working days nor more than thirty (30) working days from the submission of all documentary and other requirements. The processing period as herein provided is exclusive of waiting time.

**SECTION 5. Rule on Pending Listing Applications** – An Applicant Company is required to respond within thirty (30) calendar days to any request by the Exchange for information or submission of documents relating to its listing application.

The failure of the Applicant Company to respond within the prescribed period shall constitute abandonment of its listing application and the Exchange shall consider the same as not to have been filed; however, the Exchange shall not refund the filing fee paid by the Applicant Company.

**SECTION 6. Recommendation and Report to the Listing Committee** – Upon the lapse of the processing period, the Listings Department shall make the appropriate recommendation and shall present its report to the Listing Committee.

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

**SECTION 7. Review and Report by the Listing Committee** – The Listing Committee shall review the application and the recommendation of the Listings Department.

*Note: With the abolition of the Listing Committee, this section has been impliedly repealed.*

**SECTION 8. Recommendation to the Board of Directors** – If the application is found to be in order, the Listing Committee shall recommend to the Board of Directors of the Exchange the approval of the application.

The Board of Directors of the Exchange shall uphold, modify or overrule the recommendation of the Listing Committee. Any modification/condition made as to the listing application shall be specifically prescribed by the Board of Directors of the Exchange.

*Note: Please see related note in Section 6 above.*

**SECTION 9. Board Action** – The Exchange shall immediately notify the Applicant Company in writing of the action taken by the Board of Directors of the Exchange with regard to the application. If the listing application is rejected, the Exchange shall not refund the filing fee paid by the Applicant Company.

*Note: Pursuant to the resolution issued and approved by the Exchange's Board of Directors on 23 June 2010, the approval issued by the Exchange for listing applications covering initial listings and fund-raising activities, such as a follow-on offering and stock rights offering, will be valid for a period of six (6) months from the Applicant Company's receipt of the notice of approval. The Applicant Company must re-file the relevant listing application and pay the corresponding filing fee if it decides to pursue the listing application after the six (6) - month period. (Guidance Note 6 – Resolution No. 107, Series of 2010 of the Exchange's Board of Directors). Please also see **Supplemental Rule 16** - PSE Memorandum CN-No. 2019-0012 dated March 22, 2019 re: New Fee Framework for Listing Applications.*

**SECTION 10. Amendments to an Approved Application** – A request for amendment of any of the terms and conditions of the approved listing application shall be filed by the Applicant Company with the Exchange, subject to applicable rules of the Exchange and of the Commission. When an amendment is substantial or material, an additional processing fee of not less than fifty percent (50%) of the original processing fee shall be imposed on the Applicant Company.

*Note: Pursuant to the resolution issued and approved by the Exchange's Board of Directors on 23 August 2006, the President and Chief Executive Officer of the Exchange is authorized to approve any amendments or changes, as may be necessary or desirable, to any Board-approved application for listing of securities such as, but not limited to, the timetable, price and price range, number of shares, post approval requirements, etc.; provided, that any such amendment shall not materially alter the nature and substance of the approved listing application. (Guidance Note 7 – Resolution No. 126, Series of 2006 of the Exchange's Board of Directors)*

**SECTION 11. Withdrawal** – If the Applicant Company withdraws, or requests the Exchange to defer processing of, the listing application, the Exchange shall discontinue the processing of the application and fifty percent

(50%) of the filing fee paid by the Applicant Company shall be forfeited and not be allowed for future application. The remaining fifty percent (50%) of the filing fee paid may be applied by the Applicant Company to any future listing application with the Exchange, provided that the subsequent listing application is filed within six (6) months from withdrawal or deferment, or if the Exchange has already issued a Notice of Approval ("NOA"), within six (6) months from Applicant Company's receipt of the NOA.

## ARTICLE III EQUITY SECURITIES

### PART C METHODS OF INITIAL LISTING

*Note: The rules governing listing of Real Estate Investment Trusts (REITs) and Exchange Traded Funds (ETFs), as amended, can be seen as **Supplemental Rules 3, 3.1, and 11.***

These methods of initial listing may be adopted by the Applicant Company in its application for listing of its securities subject to the requirements of the applicable Board.

**SECTION 1. Primary Offering** – Primary Offering is the original sale made to the investing public by the Applicant Company of its own securities (i.e., primary shares).

**SECTION 2. Secondary Offering** – Secondary Offering is an offer for sale made to the investing public by the existing shareholders of their securities which are already issued (i.e., secondary shares).

**SECTION 3. By Way of Introduction** – Initial listing by way of introduction shall refer to an application for listing of securities that are already issued or securities that will be issued upon listing, where no public offering will be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed, or when listing in an exchange or public offering is mandated by law or by the Commission or other government agencies, in the exercise of their powers under the law.

*Note: Section 3 above has been amended to reflect the first paragraph of Section 1 of the Amended Rules on Listing by Way of Introduction which was approved by the Commission on 3 March 2011 and took effect on 24 March 2011. The details of the requirements, as stated in the said Amended Rules, were incorporated as Article III, Part G of the Rules. (**Supplemental Rule 5** – PSE Memorandum No. 2011-0105 dated 9 March 2011 re: Amended Rules on Listing by Way of Introduction)*

**SECTION 4. Applicability** – Applicant Companies applying to list in the First Board and Second Board are allowed to conduct both primary offerings and secondary offerings. Only primary offerings are allowed for listing on the SME Board.

For Applicant Companies applying to list by way of introduction, acceptance for listing shall be based on the listing criteria established by the



Exchange in either the First Board or Second Board, Section 2, Part H, Article III of these Listing Rules.

*Notes: The first paragraph of Section 4 above has been superseded by the Main and SME Board Listing Rules, particularly Article III, Part D, Section 3(b) for the Main Board and Article III, Part E, Section 4(c) for the SME Board.*

*Article III, Part D, Section 3(b) provides that companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies and holding companies referred to in Section 1(b)(ii) of the Main and SME Board Listing Rules, are prohibited from offering secondary securities during the Initial Public Offering.*

*On the other hand, Article III, Part E, Section 4(c) provides that companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies, are prohibited from offering secondary securities during the Initial Public Offering.*

*The second paragraph of Section 4 above has been superseded by the Amended Rules on Listing by Way of Introduction which amended Article III, Part G, Section 2 to read as: "Suitability of applicant companies applying to list their securities by way of introduction shall be based on the listing criteria and requirements established by the Exchange for initial listings". (see **Supplemental Rule 5**)*

## ARTICLE III EQUITY SECURITIES

### PART D MAIN BOARD LISTING

*Note: This Article III Part D was amended to reflect the Amended Listing Rules (Supplemental Rule 12 - PSE Memorandum CN No. 2021-0021 dated 24 March 2021 re: Amended Listing Rules)*

*Please also see the Guidelines in the Interpretation of Article III, Parts D and E, as amended (see Guidance Note 25)*

**SECTION 1. General Criteria for Admission to Listing** – A company applying for listing in the Main Board (“Applicant Company”) must comply with the following requirements:

- (a) **Track Record of Profitable Operations** – The Applicant Company must have a cumulative net income, excluding non-recurring items, of at least Seventy Five Million Pesos (₱75,000,000.00) for three (3) full fiscal years immediately preceding the application for listing and a minimum net income of Fifty Million Pesos (₱50,000,000.00) for the most recent fiscal year. The applicant must further be engaged in materially the same businesses and must have a proven track record of management throughout the last three (3) years prior to the filing of the application.

For this purpose, the Applicant Company shall submit to the Exchange audited consolidated Financial Statements for the last three (3) full fiscal years preceding the filing of the application. The Financial Statements must be accompanied by an unqualified external auditor’s opinion.

- (b) **Exception to the 3-year Track Record Requirement** – The following are the exceptions to the three (3) year track record rule:
  - (i) The Applicant Company has been operating for at least ten (10) years prior to the filing of the application and has a cumulative net income of at least Seventy Five Million Pesos (₱75,000,000.00) for at least two (2) of the three (3) fiscal years immediately preceding the filing of the listing application.

- (ii) The Applicant Company is a holding company which uses the operational track record of its subsidiary/ies. This exception, however, shall be subject to the restriction in Section 3(a) hereof.
- (c) **Stockholders' Equity** - The Applicant Company must have a stockholders' equity of at least Five Hundred Million Pesos (₱500,000,000.00) in the fiscal year immediately preceding the filing of the listing application.
- (d) **Operating History** - The Applicant Company must have an operating history of at least three (3) years prior to its application for listing.
- (e) **Minimum Offering to the Public** - The minimum offering to the public for initial listing shall be based on the following schedule:

**MARKET CAPITALIZATION**

**PUBLIC OFFER**

|                      |                                  |
|----------------------|----------------------------------|
| Not exceeding ₱500 M | 33% or ₱50M whichever is higher  |
| Over ₱500M to ₱1B    | 25% or ₱100M whichever is higher |
| Over ₱1B             | 20% or ₱250M whichever is higher |

- (f) **Minimum Number of Stockholders** - Upon listing, the Applicant Company shall have at least one thousand (1,000) stockholders, each owning stocks equivalent to at least one (1) board lot.

*Note: The requirement to have at least one thousand (1,000) security holders each owning securities equivalent to at least one (1) board lot is only required upon listing. Once listed, companies shall, at all times, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the Exchange, provided that companies covered by the Guidelines on MPO Requirements for Initial and Backdoor Listings must maintain a public float of at least twenty percent (20%) after listing. The Exchange may impose a higher percentage effective upon receipt by the Commission of a written notice of such increase. The Exchange may decrease the percentage or suspend or remove the same only with prior approval from the Commission. (Supplemental Rule 6 - PSE Memorandum CN No. 2012-0003 dated 3 January 2012 re: Amended Rule on Minimum Public Ownership; and Supplemental Rule 6.2 - PSE Memorandum CN No. 2020-0076 dated 3 August 2020 re: Guidelines on MPO Requirements for Initial and Backdoor Listings)*

- (g) **Valuation of Assets** - When required by the Exchange, the Applicant Company shall engage the services of an independent appraiser duly

accredited by the Exchange and the Commission in determining the value of its assets.

- (h) **Full Payment of Issued and Outstanding Shares** - The Applicant Company shall cause all its subscribed shares of the same type and class applied for listing to be paid in full.
- (i) **Investor Relations Program** - The Applicant Company shall have an investor relations program to ensure that information affecting the company is communicated effectively to investors. Such program shall include, at the minimum, a corporate website that contains, at the minimum, the following information:
  - i. Company information - organizational structure, board of directors, and management team;
  - ii. Company news - analyst briefing report, latest news, press releases, newsletter (if any);
  - iii. Financial report - annual and quarterly reports, at least for the past two (2) years;
  - iv. Disclosures - recent disclosures to the Exchange and the Commission for the past two (2) years;
  - v. Investor FAQs - commonly asked questions of stockholders;
  - vi. Investor Contact - email address for feedback/comments, shareholder assistance and service; and
  - vii. Stock Information - key figures, dividends, and stock information.
- (j) An Applicant Company that is exempt from the track record and operating history requirements of this Rule must state in its Registration Statement the reason for such exemption.

## **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 of at least three hundred sixty-five (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 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.

*Note: Section 2(a) reflects the amendments in **Supplemental Rule 12.2** - PSE Memorandum MEA-No. 2022-0003 dated 13 June 2022 re: Amendments to the Lock-Up Rule in the Main Board and SME Board Listing Rules.*

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.

### **SECTION 3. Restrictions –**

- (a) **No divestment of shares in operating subsidiary** – A holding company which invokes the operational track record of its subsidiary/ies to qualify for the track record requirement under Section 1(a) hereof, is prohibited from divesting its shareholdings in the said subsidiary/ies for a period of three (3) years from the listing of its shares. The prohibition shall not apply if a divestment plan is approved by the majority of the Applicant Company’s stockholders.
- (b) **No secondary offering for companies that are exempt from the track record and operating history requirements** – Companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies and holding companies referred to in Section 1(b)(ii), are prohibited from offering secondary shares during the Initial Public Offering. For purposes of this rule, secondary shares shall mean shares originally held by the existing shareholders prior to IPO.

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

**SECTION 4. Full Disclosure Policy** – The Applicant Company shall submit the following disclosures to the Exchange within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:

- (a) Quarterly Progress Report on the application of the proceeds from the IPO on or before the first fifteen (15) days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
- (b) Annual summary on the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
- (c) Approval by the Applicant Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Applicant Company at least thirty (30) days prior to the said actual disbursement or implementation.
- (d) A comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following quarter.

The quarterly and annual reports required in items (a) and (b) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Work Program or IPO Prospectus, if any. The detailed explanation must state the approval of the Applicant Company's Board of Directors as required in item (c) above.

The Exchange may require disclosure of additional information as it considers appropriate and material in any particular case.

If during the application, the Applicant Company fails to make a timely and accurate disclosure of material information or deliberately misrepresents material facts to the Exchange, the Exchange may consider the said actions as evidence of the Applicant Company's refusal to comply with the full disclosure policy of the Exchange and on that basis, reject the application.

**SECTION 5. Delisting** - A listed company that incurs negative stockholders' equity for three (3) consecutive years shall be subject to delisting, in accordance with the rules of the Exchange. The delisting of the listed company's shares shall take effect thirty (30) days from approval by the Exchange's Board of Directors of the said delisting. The Exchange shall send notice of such delisting immediately to the listed company and the Commission. The Exchange shall likewise publish an announcement relative thereto in the Exchange's website.



## ARTICLE III EQUITY SECURITIES

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

*Note: This Article III Part E was amended to reflect the Amended Listing Rules (Supplemental Rule 12 – PSE Memorandum CN No. 2021-0021 dated 24 March 2021 re: Amended Listing Rules).*

*Please also see the Guidelines in the Interpretation of Article III, Parts D and E, as amended (see Guidance Note 25)*

**SECTION 1. General Criteria for Admission to Listing** – A company applying for listing in the SME Board (“Applicant Company”) must comply with the following requirements:

- (a) **Track Record of Profitable Operations** –Applicant Company must satisfy one of the following requirements:
  - (i) Cumulative earnings before interests, taxes, depreciation, and amortization (EBITDA), excluding non-recurring items, of at least Fifteen Million Pesos (₱15,000,000.00) for the three (3) fiscal years immediately preceding the application for listing or such shorter period as the company has been operating. The applicant must further be engaged in materially the same business and must have a proven track record of management throughout the last three (3) years prior to the filing of the application or such shorter period as the company has been operating; or
  - (ii) Cumulative operating revenues or sales of at least One Hundred Fifty Million Pesos (₱150,000,000.00) for the three (3) fiscal years immediately preceding the filing of the listing application or such shorter period as the company has been operating, with an average net sales/operating revenues growth rate of at least twenty percent (20%) over the two (2) fiscal years immediately preceding the filing of the listing application.

For this purpose, the Applicant Company shall submit to the Exchange audited consolidated Financial Statements for the last three (3) full fiscal years preceding the filing of the application or such shorter period as the company has been operating. The Financial Statements must be accompanied by an unqualified external auditor’s opinion.

- (b) **Stockholders' Equity** - Applicant Company must have a stockholders' equity of at least Twenty Five Million Pesos (₱25,000,000.00) in the fiscal year immediately preceding the filing of the listing application.
- (c) **Operating History** - Applicant Company must have an operating history of at least two (2) years prior to its application for listing.
- (d) **Full Payment of Issued and Outstanding Shares** - The Applicant Company shall cause all its subscribed shares of the same type and class applied for listing to be paid in full.
- (e) **Business Plan** - The Applicant Company shall demonstrate its stable financial condition and prospects for continuing growth. For purposes of determining prospects for continuing growth, the Applicant Company shall submit a business plan indicating the steps that have been taken and to be undertaken in order to advance its business over a period of five (5) years.

As a general rule, financial projections are not required, but should there be references made in the business plan to future profits or losses, or any other item that would be construed to indicate forecasts, then the Applicant Company is required to include financial projections in the business plan duly reviewed by an independent accounting firm.

- (f) **Valuation of Assets** - When required by the Exchange, the Applicant Company shall engage the services of an independent appraiser duly accredited by the Exchange and the Commission in determining the value of its assets.
- (g) **Minimum Offering to the Public** - The minimum offering to the public shall be based on the schedule set forth in Article III, Part D, Section 1(e) of these Rules.
- (h) **Minimum Number of Stockholders** - Upon listing, the Applicant Company shall have at least two hundred (200) stockholders. Each of these stockholders must hold at least one (1) board lot of the securities of the company.

*Note: The requirement to have at least two hundred (200) security holders each owning securities equivalent to at least one (1) board lot is only required upon listing. Once listed, companies shall, at all times, maintain a minimum*

*percentage of listed securities held by the public of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the Exchange, provided that companies covered by the Guidelines on MPO Requirements for Initial and Backdoor Listings must maintain a public float of at least twenty percent (20%) after listing. (see **Supplemental Rules 6 and 6.2**)*

- (i) **Investor Relations Program** - The Applicant Company shall have an investor relations program to ensure that information affecting the company is communicated effectively to investors. Such program shall include, at the minimum, a corporate website that contains, at the minimum, the following information:
- i. Company information - organizational structure, board of directors, and management team;
  - ii. Company news - analyst briefing report, latest news, press releases, newsletter (if any);
  - iii. Financial report - annual and quarterly reports, at least for the past two (2) years;
  - iv. Disclosures - recent disclosures to the Exchange and the Commission for the past two (2) years;
  - v. Investor FAQs - commonly asked questions of stockholders;
  - vi. Investor Contact - email address for feedback/comments, shareholder assistance and service; and
  - vii. Stock Information - key figures, dividends, and stock information.
- (j) An Applicant Company that is exempt from the track record and operating history requirements of this Rule must state in its Registration Statement the reason for such exemption.

**SECTION 2.** An Applicant Company that does not meet the required track record of profitable operations and/or stockholders' equity may apply for listing with the favorable endorsement of a listing sponsor accredited by the Exchange. The roles and responsibilities of sponsors, requirements for accreditation, and disciplinary actions that may be taken against sponsors are set out in Article III, Part E-1 of the Consolidated Listing and Disclosure Rules

### 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 placement, asset for shares swap or a similar transaction) or of instruments which lead to an 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, 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 three hundred sixty-five (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 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.

*Note: Section 3(a) incorporates the revisions to the Mandatory Lock-up Rule for Small, Medium and Emerging (SME) Board Listing (**Supplemental Rule 12.1** - PSE Memorandum CN No. 2020-0080 dated 14 August 2020 re: Revisions to the Mandatory Lock-up Rule for Small, Medium and Emerging (SME) Board Listing) and the amendments in **Supplemental Rule 12.2** - PSE Memorandum MEA-No. 2022-0003 dated 13 June 2022 re: Amendments to the Lock-Up Rule in the Main Board and SME Board Listing Rules.*

**SECTION 4. Restrictions** – Companies applying for listing in the SME Board are subject to the following restrictions:

- (a) **No listing of portfolio and passive income companies** – The Exchange shall not allow the listing of a portfolio or passive income company. For purposes of this Rule, a portfolio or passive income company shall mean a company that confines its activities to owning

stocks in other companies without voting control and whose source of income are mainly dividends, equitized earnings, and interest earnings from such passive investments. A holding company that has an operating subsidiary is not covered by this restriction.

- (b) **Prohibition on Backdoor Listing** - A company listed in the SME Board is prohibited from doing a backdoor listing. The Exchange may delist a company which undertakes a backdoor listing in contravention of this rule.
- (c) **No Offering of Secondary Securities for Companies Exempt from the Track Record and Operating History Requirements** - Companies that are exempt from the track record and operating history requirements, such as mining, petroleum and renewable energy companies, are prohibited from offering secondary shares during the Initial Public Offering. For purposes of this rule, secondary shares shall mean shares originally held by the existing shareholders prior to IPO.

**SECTION 5. Transfer to the Main Board** - A listed company initially listed on the SME Board may, upon written request to the Exchange and payment of the applicable processing fee, be elevated for listing in the Main Board upon showing that it has met the requirements for listing in the Main Board.

**SECTION 6. Full Disclosure Policy** -

- (a) The Applicant Company shall promptly submit a comprehensive corporate disclosure to the Exchange in the following instances:

- i. Sale of the company's assets other than in the ordinary course of business.

The comprehensive corporate disclosure shall contain, among others, the names of the parties to the transaction, the purpose for which it was entered into, and the potential effect on the operations of the company.

- ii. Imposition of fines and/or other penalties on the Applicant Company or its subsidiaries by regulatory authorities and the reasons therefor.

- (b) The Applicant Company shall submit the following disclosures to the Exchange within the periods specified below to ensure transparency in the use of proceeds raised from the IPO:
- i. Quarterly Progress Report on the application of the proceeds from the IPO on or before the first fifteen (15) days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
  - ii. Annual summary on the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
  - iii. Approval by the Applicant Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Applicant Company at least thirty (30) days prior to the said actual disbursement or implementation; and
  - iv. A comprehensive report on the progress of its Business Plan on or before the first fifteen (15) days of the following quarter.

The quarterly and annual reports required in items (i) and (ii) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Work Program or IPO Prospectus, if any. The detailed explanation must state the approval of the Applicant Company's Board of Directors as required in item (iii) above.

The Exchange may require disclosure of additional information as it considers appropriate and material in any particular case.

If during the application, the Applicant Company fails to make a timely and accurate disclosure of material information or deliberately misrepresents material facts to the Exchange, the Exchange may consider said actions as evidence of the Applicant Company's refusal to comply with the full disclosure policy of the Exchange and on that basis, reject the application.

**SECTION 7. Delisting** - A company that incurs negative stockholders' equity for three (3) consecutive years shall be subject to delisting, in accordance

with the rules of the Exchange. The delisting of the company's securities shall take effect thirty (30) days from approval by the Exchange's Board of Directors of the said delisting. The Exchange shall send notice of such delisting immediately to the listed company and the Commission. The Exchange shall likewise publish an announcement relative thereto on the Exchange's website.

**SECTION 8. Applicability of Other Provisions** - The Applicant Company must comply with the published rules and requirements which the Exchange may deem applicable.



## ARTICLE III EQUITY SECURITIES

### PART E-1 SMALL, MEDIUM AND EMERGING (SME) BOARD LISTING UNDER SPONSOR MODEL

*Note: This Article III Part E-1 was added to reflect the Amended Listing Rules (Supplemental Rule 12 - PSE Memorandum CN No. 2021-0021 dated 24 March 2021 re: Amended Listing Rules)*

**SECTION 1. Scope** – This rule sets out the requirements for listing on the SME Board of Applicant Companies under a sponsor-driven framework.

**SECTION 2. Objective** – This rule is designed to give high growth and start-up companies that do not have the required track record of profitable operations and/or stockholders' equity access to capital market, without compromising public confidence in the market.

Sponsors are expected to play an important role in maintaining the standard and quality of companies listed in the SME Board under the sponsor model and upholding the integrity of the market.

**SECTION 3. Filing of Listing Application** – The listing application shall be filed by an Exchange-accredited sponsor on behalf of the listing applicant.

The offer documents and circulars, notice of filing of listing application, and marketing collaterals about the offer, must contain the following statement in bold type on a prominent portion of the document:

***“THE COMPANY SEES LISTING IN THE SMALL, MEDIUM AND EMERGING (SME) BOARD OF THE PSE UNDER A SPONSOR-DRIVEN FRAMEWORK. SPONSORED LISTINGS IN THE SME BOARD ARE FOR COMPANIES WHICH DO NOT COMPLY WITH THE PROFITABILITY AND/OR STOCKHOLDERS' EQUITY REQUIREMENTS AND TO WHICH A HIGHER INVESTMENT RISK MAY ATTACH. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH COMPANIES AND ARE ADVISED TO EXERCISE DUE DILIGENCE AND CAREFULLY READ THE OFFER MATERIALS BEFORE MAKING ANY INVESTMENT DECISION.”***

**SECTION 4. Criteria for Listing** – To qualify for listing under this rule, an Applicant Company should be favorably endorsed, without qualification, by a sponsor accredited by the Exchange.

Except for the track record and stockholders' equity requirements in Article III, Part E of the Consolidated Listing and Disclosure Rules of the Exchange, all listing requirements applicable to initial listings, particularly, those provided in Article I and Article III (except Parts D and G) of the Consolidated Listing and Disclosure Rules, shall apply to listing applications filed under this rule.

**SECTION 5. Assessment of Applicant's Suitability for Listing** - The listing sponsor shall assess the suitability of the applicant for listing and review the veracity and completeness of the information disclosed in the offer documents.

For this purpose, the listing sponsor shall conduct the appropriate due diligence and consider the following matters, among others:

- 1) Financial condition and viability of the business of the listing applicant;
- 2) Prospects of listing applicant's business and the industry it operates in, including recent major developments;
- 3) Applicant's capital structure, ownership structure, and operating history, sites of operation, historical financial information and other corporate information;
- 4) Listing applicant's corporate governance record, including issues that might affect its integrity or might cause its listing to undermine public interest;
- 5) Suitability and past corporate conduct of the applicant's board of directors and key management officers;
- 6) Directors' understanding of, and intention to comply with, the applicant company's obligations upon and after listing;
- 7) Sufficiency of the applicant's systems, procedures, controls and resources to ensure compliance with the Exchange's rules;
- 8) Adequacy of internal control and risk management systems; and
- 9) Nature and extent of conflicts of interest or potential conflicts of interest involving the listing applicant, if any.

Listing sponsor shall ensure that any material issues found during its due diligence are addressed or resolved or otherwise do not affect the applicant's suitability for listing.

**SECTION 6. Sponsor's Certification and Undertaking** – A listing application filed under these rules shall not be accepted unless accompanied by a duly notarized sponsor assessment report which fully discloses material information gathered from the due diligence review conducted by the sponsor on the applicant. The report shall include, at the minimum, a discussion and assessment of the applicant's business plan, future prospects, financial performance, risks to the applicant's business and future prospects, and other necessary information that supports the sponsor's favorable recommendation of applicant's listing in the SME Board.

The sponsor shall also submit, together with the listing application, a sponsor's sworn certification, declaration, and undertaking that:

- 1) it has exercised due diligence on the applicant company and is satisfied that the company is suitable for listing on the Exchange and its listing will not undermine public confidence in the market;
- 2) it is satisfied as to the viability of applicant's business plans and future prospects;
- 3) it has reviewed the applicant's offer and listing documents, including any amendments and supplements, and all material representations therein are true and correct and no material information necessary to make the statements contained therein not misleading was omitted;
- 4) all information contained in the sponsor assessment report are true and correct and no material information necessary to make the statements contained therein not misleading was omitted;
- 5) the sponsor accepts responsibility, together with the applicant, for any false, inaccurate or misleading information with respect to any material fact contained in the listing application, offer documents, sponsor assessment report and all documents submitted to the Exchange, except in cases where the sponsor proves that it acted in good faith and had no knowledge of, and could not have known, even with the exercise of reasonable due diligence, the falsity, inaccuracy or misleading nature of such information. A similar statement shall be incorporated in the prospectus;
- 6) other than the track record and/or stockholders' equity requirement, the applicant is compliant with all applicable requirements of the Exchange for admission for listing in the SME Board;

- 7) the applicant's securities are freely tradable and not subject to any adverse claim;
- 8) it has given sufficient advice and guidance to the directors and officers of the applicant and, as necessary, other professional advisers, in relation to the applicant's responsibilities and obligations under the Exchange's Consolidated Listing and Disclosure Rules to ensure due compliance by the applicant on an ongoing basis;
- 9) it agrees to comply with and be bound by all the applicable rules, requirements, and policies of the Exchange relating to the responsibilities of the sponsor prior to, during, and after listing of the applicant; and
- 10) submit an updated sponsor assessment report on or before the 31st day of January of each year during the term of the sponsorship, and as necessary, if there are material developments affecting the listed company or its security.

If the sponsor resigns, or the sponsor appointment is terminated for any reason during the processing of a listing application, the sponsored company must appoint a replacement sponsor which shall resubmit, on behalf of the sponsored corporation, a listing application and the sponsor assessment report, declarations and undertakings required by this section.

**SECTION 7. Exchange's Action on the Application** - The Exchange retains full discretion to approve or reject listing applications filed pursuant to this rule. In reaching its decision, the Exchange shall give particular regard to the general principles outlined in Article I, Part A, Section 3 of the Consolidated Listing and Disclosure Rules of the Exchange.

**SECTION 8. Requirements for Sponsor Accreditation** - To be eligible for accreditation as a listing sponsor, an applicant must comply with the following criteria:

- 1) Must be a corporation or partnership registered with the Securities and Exchange Commission;
- 2) Has at least five (5) years experience in a leading role (e.g., issue manager, underwriter, etc.) with initial public offerings or significant corporate finance transactions (e.g., rights offer, mergers and acquisitions), or three (3) years experience, if at least two (2) of its key personnel have at least five (5) years experience in a leading role with initial public offerings or significant corporate finance transactions. In this regard, the Exchange will

take into account the experience of the qualified personnel on an individual basis;

- 3) Is not in breach of any relevant rule or law in any jurisdiction where it operates, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority. The Exchange may reject an applicant if complaints, warning letters, fines, private or public censures or reprimands from any regulatory authority, or other disciplinary action by any regulatory authority against the applicant sponsor has occurred in the two (2) years immediately preceding the filing of the application;
- 4) Covered by a professional indemnity insurance in an amount equivalent to the value of the public offering that will answer for damages resulting to investors due to the sponsor's misconduct or negligence in performing its sponsor responsibilities;
- 5) Directors and key officers must be fit and proper. In determining whether an individual is fit and proper to hold the position, regard shall be given to his integrity, experience, education, training and competence.

The following persons shall in no case be allowed to serve or act as director or officer of the sponsor:

- (a) Any person convicted of any crime involving any security or financial product;
- (b) Any person convicted of an offense involving fraud or embezzlement, theft, estafa, or other fraudulent acts or transactions;
- (c) Any person who, by reason of any misconduct, is enjoined by order, judgment, or decree by any court, quasi-judicial body or administrative agency of competent jurisdiction from acting as a director, officer, employee, consultant, or agent occupying any fiduciary position;
- (d) Any person found by the appropriate regulatory agency to have violated, or aided, abetted, counseled, commanded, induced, or procured the violation of the Revised Corporation Code, Securities Regulation Code, General Banking Law, Insurance Code, Anti-Money Laundering Act, or any related laws and any rules, regulations or orders;

- (e) Any person judicially declared to be insolvent, or incapacitated to contract; and
- (f) Any person found guilty by a foreign court, regulatory authority or government agency of the acts or violations similar to any of the acts or misconduct enumerated in Items (a) to (e).

A conviction in the first instance shall be considered sufficient ground for disqualification.

A sponsor must ensure continuing compliance with the above eligibility criteria and such other conditions as may be imposed by the Exchange. It shall notify the Exchange immediately if it ceases to fulfill any of the eligibility criteria or conditions imposed by the Exchange, or has reason to believe that it will cease to do so.

**SECTION 9. Validity of Sponsor Accreditation** – The Exchange’s accreditation of sponsor shall take effect upon payment of the applicable fee and shall be valid for a period of three (3) years from date of accreditation.

**SECTION 10. Assessment of Sponsor’s Independence** – The sponsor must demonstrate to the Exchange its independence from the sponsored company. A sponsor is not independent if any of the following circumstances exists:

- 1) The sponsor directly owns twenty percent (20%) or more of the total number of outstanding shares of the sponsored company at the time of the filing of the listing application, or five percent (5%) or more of the sponsored company’s outstanding shares after its listing on the Exchange. With proper safeguards, an investment company or asset management company licensed by the Securities and Exchange Commission or a trust company registered with the Bangko Sentral ng Pilipinas and operated by or affiliated with the sponsor may own shares of the sponsored company in excess of the ownership limits set in this paragraph. The shareholdings of such investment company or asset management company shall not be included in the computation of sponsor’s ownership in the sponsored company; or
- 2) Any of the sponsor’s directors, officers, or relatives of the foregoing within the second degree of consanguinity or affinity is a director or officer of the applicant or listed company for whom it acts as a sponsor.

The sponsor shall maintain its independence from the sponsored company for as long as it remains its sponsor. If the five percent (5%) ownership limit in paragraph (1) of this section is breached at any time after listing, the sponsor must immediately

inform the Exchange and sell down to less than five percent (5%) within twelve (12) months from such breach.

In case of doubt as to its independence, a sponsor may consult the Exchange ahead of entering into any arrangement or transaction.

**SECTION 11. Conflict of Interest** - A sponsor must take all reasonable steps to ascertain whether a conflict of interest exists or is likely to exist in relation to its role as a sponsor. It shall refrain from entering into any transaction that may lead to a potential conflict of interest. In particular, a sponsor must not act for any other party to a transaction other than the company for whom it acts as sponsor. For the avoidance of doubt, a sponsor may provide both sponsorship and underwriting or other financial advisory services to a listing applicant. A sponsor may also act as sponsor to more than one company, provided such arrangement does not create a conflict of interest.

If the sponsor becomes aware of an actual or potential conflict of interest, it must fully disclose to the sponsored company's board of directors and to the Exchange the nature and extent of the conflict of interest and the steps taken to address such conflict.

Where a conflict of interest cannot be resolved satisfactorily, a sponsor must not act for an applicant or listed company. In case of doubt, a sponsor may consult the Exchange prior to entering into any arrangement or transaction.

**SECTION 12. Internal Controls within the Sponsor's Organization** - A sponsor must have internal controls, procedures and other safeguards to avoid conflicts of interest, including, but not limited to the:

- 1) segregation of functions between the business unit undertaking sponsor activities and other units within the sponsor's organization;
- 2) separate reporting lines for the unit undertaking sponsor activities and units with other relevant business activities;
- 3) restriction of communication and information flow between the unit performing sponsor activities and other units to avoid leakage of material non-public information, including procedures to ensure that a sponsor's directors, officers, and employees do not divulge, and prevent the leakage of, any material nonpublic information to any person who does not need to know such information;
- 4) restriction of access to documents relating to sponsor activities to authorized officers and employees; and

- 5) implementation of policies, procedures and controls to prevent the use of material non-public information about the sponsored company by the sponsor's directors, officers and employees to trade for their own benefit or the benefit of their related parties. For this purpose, the sponsor shall maintain a list of restricted securities and monitor the trading activities of its directors, officers and employees who are privy to material non-public information regarding restricted securities.

The sponsor shall notify the Exchange in writing at least fourteen (14) days before undertaking a new business function which may create a conflict of interest with its sponsor activities. The sponsor must supply the Exchange with information regarding the new business function and the procedures in place to avoid any conflict of interest with its sponsor activities.

**SECTION 13. Continuing Sponsorship** - A sponsor who endorses a sponsored company for listing must continue to provide business and compliance advisory services to the sponsored company for at least three (3) full fiscal years from listing. The sponsor cannot resign, and the sponsored company cannot terminate the sponsor's appointment, unless effected in accordance with Sections 14 and 15 below.

Business and compliance advisory services shall include, but are not limited to, the following:

- 1) Advising the sponsored company on the Exchange's rules, and all relevant legislation and regulations that may be relevant to the sponsored company and ensuring its compliance with said rules on an ongoing basis;
- 2) Advising the applicant on the appointment of suitable advisors to meet its audit, legal and other obligations, including the engagement of an external auditor that is an SEC Class A - accredited audit firm;
- 3) Reviewing all documents to be released by the sponsored company to shareholders or to the market (including announcements, resolutions contained in notices of meetings, circulars and corporate actions) before release, to ensure that the sponsored company is in compliance with the Exchange's rules and makes proper disclosure. The document must display prominently the following on the front cover:

*"THIS DOCUMENT HAS BEEN REVIEWED BY THE COMPANY'S SPONSOR, \_\_\_\_\_. IT HAS NOT BEEN REVIEWED OR APPROVED BY THE EXCHANGE AND THE EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT. THE*



CONTACT PERSON FOR THE SPONSOR IS \_\_\_\_\_, WHO MAY BE REACHED AT \_\_\_\_\_.

- 4) Reviewing reasons provided by sponsored company for any unusual fluctuations in the price and volume of the listed securities;
- 5) Advising the sponsored company on the suitability of proposed new directors, if there are proposed changes in the sponsored company's board of directors;
- 6) Advising the sponsored company if the trading of the sponsored company's securities should be halted or suspended; and
- 7) Advising the sponsored company on various corporate governance matters, as necessary.

#### **SECTION 14. Termination of Sponsor Appointment -**

- 1) Sponsor appointment may be terminated earlier than the prescribed three (3) full fiscal years, upon thirty (30) days' written notice to the Exchange, if all of the following conditions are fulfilled:
  - a. The sponsored company becomes profitable based on the eligibility criteria for non-sponsored applicants for at least one (1) full fiscal year after its listing; and
  - b. The sponsored company has no violations of the Exchange's rules for twelve (12) consecutive months.
- 2) Sponsor appointment may also be terminated earlier than the prescribed three (3) full fiscal years on grounds other than that provided in paragraph (1) of this section, provided the provisions of Section 15 are complied with.

#### **SECTION 15. Procedure for Termination of Sponsor Appointment -**

The party initiating the termination must comply with the following:

- 1) Give at least three (3) months' notice to the other party;
- 2) If a replacement sponsor has been found, notify the Exchange of the proposed termination, together with the detailed reasons for the termination, and the name of the replacement sponsor which must likewise be an Exchange-accredited sponsor;

- 3) If no replacement sponsor has been found, seek the Exchange's prior approval of the proposed termination, together with the detailed reasons for the termination; and
- 4) If the party initiating the termination is the sponsor, it shall provide to the sponsored company, in a form suitable for release to the market, confirmation that it is not aware of any non-compliance with the rules by the sponsored company that has not been brought to the attention of the replacement sponsor, or to the attention of the Exchange if a replacement sponsor has not been appointed. The sponsored company shall disclose this confirmation through the Exchange's online disclosure system.

The sponsor shall continue its sponsorship of the sponsored company during the notice period, unless a new sponsor agrees to take over before the expiry of the notice period. The sponsor and sponsored company must take all necessary steps to ensure a smooth and proper transition of existing work of the outgoing sponsor to the replacement sponsor, including providing all relevant documents, information and records.

As a general rule, the Exchange will not approve a proposed termination of sponsor appointment if no replacement sponsor has been appointed, unless there are exceptional circumstances. In the event the Exchange grants its approval but the sponsored company fails to find a replacement sponsor within three (3) months from the date of the Exchange's approval, the Exchange shall suspend the trading of its securities. The Exchange shall automatically delist the sponsored company if it fails to appoint a replacement sponsor at the end of six (6) months from the Exchange's approval of the termination.

#### **SECTION 16. Sponsor's Reporting Obligations -**

- 1) A sponsor shall immediately notify the Exchange of the following:
  - A. A sponsored company refuses to heed its advice on matters which may involve or lead to a breach of the Exchange's rules; or
  - B. Sponsor believes that a company for which it acts as sponsor is no longer suitable for listing.
- 2) A sponsor should be available to communicate with the Exchange at all times, especially during trading hours, and whenever requested to do so.

- 3) A sponsor must cooperate and render every assistance to any investigation or inquiry conducted by the Exchange on any matter relating to its sponsor activities.

#### **SECTION 17. Review of Sponsor Performance -**

- 1) **Review by the sponsor** - A sponsor must undertake an annual review of its sponsorship activities to enable it to determine the effectiveness of its role as a sponsor and compliance with its obligations under the Exchange's requirements. Where any inadequacies are detected, the sponsor must take steps to address the inadequacies and to enable the effective discharge of its role and responsibilities as a sponsor.
- 2) **Review by the Exchange** - The Exchange may, at any time, review the performance or conduct of each sponsor provided that the Exchange gives reasonable advance notice to the sponsor of its planned review.

During the review, the sponsor must provide reasonable assistance to the Exchange, including:

- A. allowing access to all information, books and records which, in the Exchange's opinion, may be relevant to the review;
  - B. allowing access to its premises; and
  - C. requiring its directors, officers, employees and agents to provide reasonable assistance and attend interviews scheduled by the Exchange.
- 3) In reviewing the performance and conduct of sponsors, the Exchange shall have regard to:
    - A. the conduct of sponsored companies for which the sponsor acts;
    - B. the conduct of the sponsor in its dealings with the Exchange in connection with its sponsor activities;
    - C. the compliance (or non-compliance) by the sponsor with the Exchange's rules or regulations applicable to sponsors, any conditions imposed by the Exchange, and all applicable legislation and guidelines issued by regulatory authorities;
    - D. the possibility or existence of conflicts of interest; and

- E. changes to qualified key personnel during the past twelve (12) months.
- 4) The Exchange may, but is not obliged to, give a copy of the results of its review to the sponsor.

**SECTION 18. Regulatory Actions by the Exchange** - If the Exchange determines that a sponsor no longer meets the eligibility criteria, or it has not performed its duties satisfactorily, lacks sufficient resources to discharge its obligations, or is in breach of any relevant rule or law in any place where it operates, including being the subject of any disciplinary proceedings, or any investigation which might lead to disciplinary action by any regulatory authority, the Exchange may take one or more of the following actions against a sponsor:

- 1) Reprimand the sponsor;
- 2) Require the sponsor to undergo an education program;
- 3) Require sponsor to undertake corrective action, including the removal of directors and officers not complying with the fit and proper criteria in Section 8, paragraph (5) of the rules;
- 4) Impose conditions or restrictions on sponsor's operation and sponsor activities, including restricting the sponsor from taking on additional sponsored companies; or
- 5) Suspend or revoke the accreditation of sponsor.

A sponsor whose accreditation is suspended shall have three (3) months from effectivity of suspension to rectify or cure the violation that led to its suspension. During the suspension period, it can continue to act as sponsor for its clients but cannot take on additional clients. A sponsor's failure to cure the violation and have the suspension lifted after three (3) months may result in revocation of its accreditation.

If a sponsor's accreditation is revoked, any listed company for which it acts as a sponsor shall be given three (3) months from the announcement of the revocation of the sponsor's accreditation to appoint a new sponsor.

Nothing in these rules prevents the Exchange from commencing disciplinary proceedings as it deems appropriate.

## ARTICLE III EQUITY SECURITIES

### PART F DISTRIBUTION OF INITIAL PUBLIC OFFERING SHARES THROUGH THE EXCHANGE

*Note: This rule, originally Part G of the 2004 Revised Listing Rules, has been renamed as Part F in view of the deletion of Part E on Second Board listing and insertion of the Main and SME Board Listing Rules as Parts D and E, respectively.*

**SECTION 1. Rationale** - In order to achieve the objective of a wider dispersal of shares of the Initial Public Offering ("IPO") and expansion of local investors, the Exchange shall implement the following distribution of IPO shares in accordance with the rules of the Commission.

*Note: The Exchange implements a Timetable of Offering Activities for Initial Public Offerings for domestic offerings and domestic with international offerings. (Appendix 2 - Detailed Timetable of Offering Activities for Initial Public Offerings for domestic and domestic with international offerings)*

*All Offer-Related activities under this Part shall be in accordance with the Detailed Timetable of Offering Activities for Initial Public Offerings.*

**SECTION 2. Book-Building Process** - A book-building program for the domestic market and simultaneously with the international tranche, if any, shall involve up to sixty percent (60%) of the total amount of the offer shares wherein qualified institutional buyers ("QIB") may be allowed to participate in the book-building. QIBs shall be limited to the following: mutual funds; pension or retirement funds; commercial or universal banks; trust companies; investment houses; insurance companies; investment companies; finance companies; venture capital firms; government financial institutions; trust departments of commercial or universal banks, non-bank quasi banking institutions, Trading Participants of the Exchange; non-stock savings and loan associations; educational assistance funds; and other institutions of similar nature.

Five (5) Trading Days prior to the start of the book-building process, the Applicant Company shall disclose to the Exchange the exact percentage of the offer shares allocated for book-building; provided, that in cases of a public offering where the offer price can be ascertained by other means, the book-building program shall be optional.

**SECTION 3. Allocation to Local Small Investors** - The allocation to the "local small investors" or "LSI" shall be at least ten percent (10%) of the entire IPO which shall be offered only after the effectivity of the registration statement and during the formal

offering period. The issuer shall provide the appropriate distribution mechanism to facilitate greater participation in the LSI allocation nationwide.

The term "local small investor" or "LSI" is defined as a "share subscriber" who is willing to subscribe to a minimum board lot and whose subscription does not exceed One Hundred Thousand Pesos (₱100,000.00); provided, however, that the Exchange's Management may increase the maximum subscription amount for the LSI, on a case to case basis, taking into account the offer size of the IPO consistent with the objective of facilitating and achieving maximum participation and subscription to the LSI allocation. In the event of an over or under subscription in the ten percent (10%) offer, a "clawback" or a "clawforward" mechanism shall be implemented.

The issuer shall submit a mechanism that will prioritize subscriptions of small investors with amounts lower than One Hundred Thousand Pesos (₱100,000.00) or the maximum amount determined by the Exchange, as may be applicable, in the ten percent (10%) allocation for LSIs. The same shall be reflected in the registration statement covering the IPO.

*Note: The above Section 3 was amended to reflect the amendments in **Supplemental Rule 15** – PSE Memorandum MEA – No. 2022-0002 dated 13 June 2022 re: Effectivity of Amendments to the Rules for Local Small Investors.*

**SECTION 4. Clawback Mechanism** – Where an IPO includes an offering to the local and/or international markets, the minimum allocation of shares to the local small investors' subscription shall be as follows:

- (a) an initial allocation of ten percent (10%) of the offer shares;
- (b) a clawback mechanism that increases the number of shares to fifteen percent (15%) when the total demand for shares in the local small investors' subscription is five (5) times or more than the initial allocation. Discounts to the final offer price for any shares in excess of the initial allocation shall be at the discretion of the Issuer.

In the event that the total demand for shares in the local small investors' subscription exceeds the maximum allocation of fifteen percent (15%) under the clawback mechanism, the underwriter shall allocate the shares by balloting.

**SECTION 5. Allocation to the General Public** – The balance of at least thirty percent (30%) may be distributed by the underwriters directly to their clients/general public, to include institutional investors and high net worth individuals. Stockbroker/dealers may be allowed to subscribe to IPOs for their dealer accounts, provided, that if they opt to sell the shares to their customers during the offering period

it must be at a price not higher than the IPO price. Likewise, stockbrokers/dealers are prohibited from selling these shares after the offering period and before listing. While the stockbrokers/dealers may be allowed to purchase IPO shares for their dealer accounts, their first responsibility is to give priority to their customers' orders. Their books and records shall be subject to post listing audit by the Commission to make certain that they do not purchase IPO shares ahead of their customers' orders. The shares allocated to the general public shall include twenty percent (20%) of the amount of the offer shares, to be sold by the Trading Participants of the Exchange.

**SECTION 6. Indications of Interest for Shares** - Before trading of the shares commences, the Applicant Company shall disclose the level of indications of interest for the shares offering. This shall be provided in either numerical form or by way of a qualitative description.

**SECTION 7. Offering Period to Small Investors** - The period within which to offer the shares to the public shall be determined by the Applicant Company, which shall not be less than five (5) Trading Days. Nevertheless, 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.

**SECTION 8. Reservation of Listing Date** - In reserving the listing date, the basis for queuing shall be the date and time when the Exchange receives the hard copy of the letter-request. The Applicant Company shall only be allowed to reserve one (1) specific date. In the event that the Applicant Company abandons its reserved date, it shall forthwith file another letter-request which shall be subjected to the same basis for queuing.

**SECTION 9. Listing Date and Failure to Offer and/or List -**

- (a) The offering period and formal listing of the shares shall be conducted within the period stated in the Notice of Approval of the listing application ("Approved Period").

If no offering and listing were conducted within the Approved Period or any new schedule granted by the Exchange, as may be applicable, the listing application shall be deemed abandoned and the Exchange shall not refund the filing fee paid by the Applicant Company. On the other hand, if an offering was conducted, formal listing shall be made within ten (10) calendar days from the end of the offering period; otherwise, the listing application shall be deemed abandoned, the Exchange shall not refund the filing fee paid by the Applicant Company, and the Applicant Company shall be required to

refund all subscription payments within ten (10) banking days from the lapse of the prescribed period for listing. In both cases of abandonment, the Applicant Company may file another application for listing but it shall be filed only after one hundred eighty (180) calendar days from the lapse of the Approved Period.

- (b) After the approval of the application for listing and within six (6) months from the Applicant Company's receipt of the Notice of Approval ("NOA"), the Applicant Company may file with the Listings Department a request to move the offering period and formal listing to a later date but in no case beyond six (6) months from the Applicant Company's receipt of the NOA only if the request is based on meritorious and reasonable grounds, as determined by the Exchange. In such case, fifty percent (50%) of the filing fee paid by the Applicant Company shall be forfeited and only the remaining fifty percent (50%) of the filing fee paid shall be applied to said listing application. Issuer shall pay any deficiency between the remaining fifty percent (50%) of the filing fee paid and the final filing fee.

If the new offering period and formal listing are outside the six (6)-month period from the Applicant Company's receipt of the NOA, paragraph (a) of this section shall apply.

*Note: The above Section 9 was amended to reflect the New Fee Framework for Listing Applications (see **Supplemental Rule 16**)*

**SECTION 10. Delivery and Contents of Selling Kits** – The Applicant Company shall deliver to the Exchange for distribution to the Trading Participants the sufficient number of selling kits which shall contain: (a) three (3) copies of the Offering Prospectus and any amendment or supplement thereto, if any; (b) sales report; (c) diskette; (d) signature card; and (e) subscription forms.

The selling kits shall be delivered to the Exchange at least two (2) Trading Days before the start of the book-building process. Failure to comply with the aforementioned requirement shall be a ground for the deferment of the Offering Period.

*Note: The selling kits shall be delivered to the Exchange at least two (2) Trading Days prior to the start of the Offering Period in accordance with the Timetable of Offering Activities for Initial Public Offerings. (see **Appendix 2**)*

**SECTION 11. Submission of Sales Report** – The Applicant Company or its Transfer Agent shall submit a sales report to the Securities Clearing Corporation of the Philippines ("SCCP") and/or the Philippine Central Depository, Inc. ("PCD"), both soft and hard copies, which shall include columns for or indicate the following:



- (a) "Certified or Book-Entry";
- (b) Participant Securities Code where the shares of the subscriber will be lodged;
- (c) "Local Small Investor or Others"; and
- (d) "Foreign or Local".

*Note: The functions of the PCD have been assumed by PDTC.*

**SECTION 12. Rejection or Reduction of Shares** – The Applicant Company shall have the discretion to reject or reduce an application to subscribe/purchase its shares, provided that the same is exercised in accordance with the relevant law and its implementing rules and regulations set forth by the Exchange.

In exercising the right of rejection, the Applicant Company shall be guided by the following:

- (a) It shall serve the notice of rejection or reduction to the Applicant Company/subscriber within five (5) banking days after the end of the offering period; and
- (b) It shall refund to the Applicant Company the whole or part payment, as the case may be, for the rejected or reduced subscriptions/applications within the same five (5) banking day period.

**SECTION 13. Submission of List of Security Holders** – The Applicant Company shall submit an undertaking committing itself to submit to the Exchange not later than ten (10) calendar days after the end of the offering period a computer diskette containing a complete and updated list of its stockholders, as well as:

- (a) For an applicant to the First Board, a copy of the top one thousand (1,000) security holders owning at least one (1) board lot each;
- (b) For an applicant to the Second Board, a copy of the top five hundred (500) security holders owning at least one (1) board lot each; and
- (c) For an applicant to the SME Board, a copy of the top fifty (50) security holders owning at least one (1) board lot.

*Note: The Applicant Company must submit to the Exchange no later than two (2) Trading Days prior to the listing date a Certification signed by the authorized officer of the Company certifying the actual number of the Company's shareholders after the IPO and that the Company has complied with Article III, Part D, Section 1(f) and Part E, Section 1(h) of the Rules.*

*Section 13 has been superseded by Article III, Part D which consolidated the First Board and Second Board into the Main Board, and Article III, Part E, Section 1(h) which requires a company listing on the SME Board to have at least 200 stockholders owning at least one (1) board lot each. (Supplemental Rule 12 - PSE Memorandum CN-No. 2021-0021 dated March 24, 2021 re: Amended Listing Rules)*

**SECTION 14. Applicability of Trading Rules** - The allocation and distribution of the offer shares to clients of the Trading Participants shall be subject to the Trading Rules of the Exchange.

## ARTICLE III EQUITY SECURITIES

### PART G LISTING BY WAY OF INTRODUCTION

*Notes: This rule, originally Part H of the 2004 Revised Listing Rules, has been renamed as Part G in view of the deletion of Part E on Second Board Listing and insertion of the Main and SME Board Listing Rules as Parts D and E, respectively.*

*Further, the entire Article III Part G has been amended to reflect all the provisions in the Amended Rules on Listing by Way of Introduction (see **Supplemental Rule 5**)*

**SECTION 1. Listing by Way of Introduction** – This applies to an application for listing of securities that are already issued or securities that will be issued upon listing, where no public offering will be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed, or when listing in an exchange or public offering is mandated by law or by the Commission or other government agencies, in the exercise of their powers under the law.

Listing of securities by way of introduction may be appropriate in the following circumstances:

- (a) where securities for which listing is sought are already listed or traded or will simultaneously be listed in another stock exchange or, subject to the approval of the Exchange, are listed on another trading market;
- (b) where the securities of an unlisted Issuer are distributed by way of property dividend by a listed Issuer to shareholders of that listed Issuer;
- (c) where a holding company is formed and its securities are issued in exchange for the securities of one or more listed Issuers and the listing of the listed Issuer or Issuers is withdrawn at the same time as the securities of the Issuer are listed;
- (d) where listing of securities in an exchange is mandated by law or by the Commission, in the exercise of its powers under the SRC; or
- (e) where public offering of securities is mandated by law or applicable regulations; provided that, the Applicant Company secures a clearance from the relevant agency stating that such agency does not object to the listing by way of introduction of the securities of the Applicant Company; provided further, that an Applicant Company which is considered as a “closely-held

corporation,” as such term is defined under Section 127 (B) of the National Internal Revenue Code of 1997, as amended, is not qualified to list by way of introduction under this subsection (e). A subsidiary company that is qualified to list under subsection (e) hereof cannot list its holding company which does not meet the requirements of this section.

**SECTION 2. Criteria for Listing** – The suitability of Applicant Companies applying to list their securities by way of introduction shall be based on the listing criteria and requirements established by the Exchange for initial listing.

**SECTION 3. Initial Listing Price and Fairness Opinion Requirement** – A company applying to list its securities by way of introduction shall determine the initial listing price of its securities on listing date which is duly supported by a fairness opinion prepared by an independent and reputable firm, and in accordance with the Guidelines for Fairness Opinions and Valuation Reports.

The Fairness Opinion shall be attached to the Prospectus of the Applicant Company and discussed in a section of the Prospectus. The discussion in the Prospectus shall include a disclaimer in favor of the Exchange that the pricing/valuation of the securities to be listed was determined by the Applicant Company.

This requirement may not apply to an Applicant Company under Section 1(a) if it conducted an initial public offering in another stock exchange simultaneously, or if it conducted a public offering within six (6) months prior to its listing date, or if the Applicant Company listed in another exchange can demonstrate, to the satisfaction of the Exchange, that the public ownership levels and liquidity support the market price.

*Notes: The Commission approved on 3 March 2011 the Guidelines for Fairness Opinions and Valuation Reports which became effective on 24 March 2011. (Guidance Note 8 – PSE Memorandum No. 2011-0104 dated 9 March 2011 re: Guidelines for Fairness Opinions and Valuation Reports). It was subsequently amended on 19 February 2021 to include tender offers undertaken pursuant to delisting proceedings as among the transactions where a fairness opinion and valuation report would be required (Guidance Note 8.2 - PSE Memorandum No. 2021-0009 dated 19 February 2021 re: Amendments to PSE Guidelines for Fairness Opinions and Valuation Reports)*

*The Guidelines, including the requirement to submit a fairness opinion, are applicable to listing applications covering Listing by Way of Introduction, as well as mergers and non-cash transaction (i.e., share-for-share swaps, debt-to-equity conversions, property-for-share swaps) and tender offer pursuant to Delisting Rules.*

*The Guidelines require the following:*

- (1) The fairness opinion and valuation reports on the subject shares must be issued by an independent firm which includes investment banks, financial advisory firms, and accounting firms under Group 'A' Category, duly registered or licensed by the Commission and accredited by the Exchange.*

- (2) *The Firm is not considered independent if:*
- a. *It is a related party, as defined in the Rules, to the Applicant Company;*
  - b. *Its holding or subsidiary company provides financial advisory in relation to the Applicant Company's listing application, proposed delisting, or external audit services to the Applicant Company; and*
  - c. *Other circumstances or arrangements, direct or indirect, between the Firm and the Applicant Company that, in the determination of the Exchange, may influence, or tend to influence, the objectivity and reliability of the fairness opinion and valuation report(s).*

*In general, the Exchange will consider the independence of the Firm when it is able to demonstrate a lack of conflict of interest with the Applicant Company.*

*The fairness opinion and valuation report shall be supported by a sworn certification issued by the Applicant Company's legal counsel certifying the Firm's independence.*

- (3) *An Applicant Company is required to submit a fairness opinion covering the valuation of the shares subject of the listing application. Such fairness opinion must be supported by valuation report(s) which may be based on and/or supported by relevant valuation reports issued by different independent experts who are qualified to issue the report under any applicable accreditation or implementing guidelines of the Exchange, such as, but not limited to, property appraisal companies and mining professionals.*
- (4) *The fairness opinion and valuation reports must disclose the scope of work and valuation approach used. A copy of the service agreement or mandate letter shall be attached as an annex to the report.*
- (5) *The valuation report, which supports the fairness opinion, shall cover the valuation of the subject shares of the Listed Company and the consideration under the transaction covered by the listing application. Such consideration may include the following:*
- a. *In a share-for-share swap, the shares of the counterparty;*
  - b. *In a property-for-share swap, the property(ies) owned by the counterparty. In cases of a real estate property, an accredited property appraisal company must issue a valuation report covering the subject real estate property(ies) in accordance with the Rules;*
  - c. *In a debt-to-equity conversion transaction, the debt which will be converted to the Applicant Company's shares. In this case, the relevant audited financial statements or external auditor's report on actual findings must be attached to the valuation report.*
- (6) *The valuation report, which supports the fairness opinion, shall include, at a minimum, the following information:*

- a. *All material details and comprehensive explanation on the basis of the valuation and assumptions used. Copies of any supporting documents used as basis or reference must be attached to the valuation report which may be made available to limited parties from the Exchange, if requested.*
  - b. *At least two (2) relevant valuation methodologies must be presented in the valuation report. The valuation report must include a description and explanation of the valuation methodologies adopted.*
  - c. *The structure, condition and analysis of the relevant market and/or industry of the Applicant Company.*
- (7) *The date of the fairness opinion and valuation reports must not be more than three (3) months before the date on which (i) an offering prospectus is issued; (ii) the transaction involving the subject shares is executed; or (iii) the stockholders' meeting is held where the transaction involving the subject shares is presented for approval.*

*The Guidelines also laid down the requirements for the accreditation of Firm to render fairness opinions. Following the issuance of the Guidelines, the Exchange issued the Checklist of Documentary Requirements for Accreditation of Firms for Purposes of Issuing Fairness Opinions and Valuation Reports. (Guidance Note 9 – PSE Memorandum No. 2011-0117 dated 18 March 2011 re: Documentary Requirements for Accreditation of Firms for Purposes of Issuing Fairness Opinions and Valuation Reports. The checklist of documentary requirements is also under **Appendix 1** of the Rules.)*

**SECTION 4. Secondary Listing Requirements** – Applicant Companies which are already listed or intend to be listed in another stock exchange as provided in Section 1(a) hereof shall comply with the following requirements:

- (a) The Applicant Company's securities must be, or will be listed on a stock exchange which is a member of the World Federation of Stock Exchanges ("WFE") or the Asian and Oceanic Stock Exchanges Federation ("AOSEF"), or such other exchanges as approved by the Exchange;
- (b) In case the Applicant Company will simultaneously list in another exchange, the Applicant Company shall provide a certification from the foreign stock exchange of its duly received application for a proposed listing, acceptance or provisional acceptance for listing on such exchange(s) as well as the dates of such listing or proposed listing;
- (c) In case the Applicant Company is already listed in another exchange or several exchanges, the Applicant Company shall submit a certification of compliance with the requirements of such exchange or exchanges as well as with the requirements of the competent authority(ies) or regulatory body(ies) which regulate such company and/or its securities; and

- (d) Arrangements may be made between the Applicant Company and the Exchange with regard to the listing and disclosure requirements of the foreign stock exchange. The Applicant Company shall also make other arrangements for simultaneous disclosure and filing by facsimile or electronic means, of any information or material required to be filed or disclosed to the foreign exchanges. The Exchange shall ensure that none of these arrangements contravene the SRC, its Implementing Rules and Regulations and the rules of the Exchange.

**SECTION 5. Lock-Up Requirement** – A company that applies to list by way of introduction shall be subject to the following lock-up requirement:

- (a) An Applicant Company under Sections 1(a), 1(b) or 1(c) hereof shall be subject to the prescribed lock-up requirement in accordance with the applicable Board provided under Article III, Part D, Section 7 for First Board Listing, Article III, Part E, Section 2(k) for Second Board Listing, and Article III, Part F, Section 2(h) for Small & Medium Enterprises Board of the Rules.

*Note: Section 5(a) made a direct reference to the lock-up requirement under the relevant sections of Article III of the Rules. In view of the approval of the Main and SME Board Listing Rules, the lock-up requirements under Article III, Part D, Section 2 [for Main Board] and Article III, Part E, Section 3 [for SME Board] are applicable to the companies applying for Listing by Way of Introduction under Sections 1(a), (b), and (c) above.*

- (b) An Applicant Company under Sections 1(d) and 1(e) hereof shall cause its existing stockholders or security holders who own at least ten percent (10%) of the issued and outstanding shares of stock or securities of the Applicant Company, to enter into an Escrow Agreement with an Escrow Agent not to sell, assign or in any manner dispose of their shares or securities from the initial listing date until one hundred eighty (180) days after it conducts a public offering. The implementation of such lock-up must be in accordance with Article III, Part A, Section 17 of the Rules.

*Note: For companies applying for Listing by Way of Introduction under Sections 1(d) and (e) above, the Rules, particularly the Amended LBI Rules, provided a different period for the lock-up period after the listing date/offer period than what was provided in the first paragraphs of the relevant sections of the Rules. This, however, does not preclude the application of the lock-up requirement for issuances prior to listing/public offer under the second paragraph of Article III, Part D, Section 2(a) [for Main Board] and fourth paragraph of Article III, Part E, Section 3(a) [for SME Board].*

**SECTION 6. Lifting of the Trading Band** – The trading band on the Applicant Company's securities to be listed shall be lifted on the listing date in order to allow market forces to determine the price of the securities of the Applicant Company. After the listing date, the trading band shall be reinstated.

**SECTION 7. Post-Listing Requirement** – An Issuer whose securities are listed by way of introduction pursuant to Sections 1(d) or 1(e) hereof, shall undertake a public offering within one (1) year from the listing of its securities in the Exchange, and comply with the minimum public ownership requirement of the Exchange. At the time of the initial listing, the Issuer should disclose the indicative terms and the timetable of its public offering. Notwithstanding the foregoing, the Exchange may require the Issuer to undertake the public offering at any time within the one (1) year period should there be a significant demand for the securities thereof. The required public offering shall be in accordance with the “Distribution of Initial Public Offering Shares Through the Exchange” under Article III, Part G of the Rules.

*Note: In view of the deletion of Part E on Second Board listing and insertion of the Main and SME Board Listing Rules as Parts D and E, respectively, the section on "Distribution of Initial Public Offering Shares Through the Exchange", originally in Article III, Part G of the 2004 Revised Listing Rules, is now Part F.*

**SECTION 8. Consequences for Non-Compliance with the Post-Listing Requirement** – In the event the Issuer is unable to conduct the required public offering within the one (1)-year period prescribed under Section 7 hereof, the Exchange shall impose any one (1) or a combination of the following sanctions at the discretion of the Exchange:

- (a) suspend the trading of the Issuer’s securities;
- (b) sanction the Issuer by, among others, doubling the annual listing maintenance fees payable by the Issuer; or
- (c) subject to the provisions of the Corporation Code and the rules and regulations of the Commission, require the Issuer to buy-back its securities within ninety (90) days from the lapse of the one (1)-year period and delist the Issuer’s securities from the official registry of the Exchange with prior written notice to the Issuer and without necessity of a hearing. In case of a buy-back, the Exchange shall require the company to employ an independent party to conduct a valuation of the class of securities of the company that are to be delisted, which is in accordance with the Guidelines for Fairness Opinion and Valuation Reports.

**SECTION 9. Prohibition on Backdoor Listing** – A company that listed by way of introduction under sections 1(d) and 1(e) hereof is prohibited from doing a backdoor listing until after it conducts a public offering. The Exchange may delist a company which undertook a backdoor listing and which did not conduct a public offering.



*Note: The Exchange has existing rules on backdoor listing and delisting. (**Supplemental Rule 7** - PSE Memorandum CN - No. 2022-0026 dated 22 June 2022 re: Revised Rules on Backdoor Listing; **Supplemental Rule 8** - Rules on Delisting)*

**SECTION 10. Applicable Fees** – Applicant Companies seeking the listing of their securities by way of introduction shall pay the initial listing fee, processing fee, annual listing maintenance fee and other exchange fees, such as the additional listing fee for the public offering, in accordance with the schedule of fees released by the Exchange and in effect as of the filing of the corresponding application.

*Note: Under the Exchange's new fee framework for listing applications, processing fees for listing applications have been removed and listing fees, which are now called filing fees, shall be paid in full upon filing of the listing application (**Supplemental Rule 16** - PSE Memorandum CN-No. 2019-0012 dated March 22, 2019 re: New Fee Framework for Listing Applications)*

## ARTICLE III EQUITY SECURITIES

### PART H INITIAL LISTING of PREFERRED SHARES

*Note: The Rule on Initial Listing through a Preferred Shares Offering took effect on May 24, 2022. (Supplemental Rule 19 - PSE Memorandum CN - No. 2022-0023 dated 24 May 2022 re: Rule on Initial Listing through a Preferred Shares Offering)*

**SECTION 1. Coverage** - These Rules shall govern the initial listing of an Applicant Company through an offering of preferred shares without listing its common shares.

**SECTION 2. Applicability of Existing Rules** - Except as provided below, Article III, Parts A to F of the PSE Consolidated Listing and Disclosure Rules shall apply to the initial listing of an Applicant Company through an offering of preferred shares.

**SECTION 3. Minimum Offering to the Public** - Notwithstanding any provision in the PSE Consolidated Listing and Disclosure Rules to the contrary, the minimum offering to the public for initial listing on the Main Board or SME Board shall be One Billion Pesos (Php1,000,000,000.00), or twenty percent (20%) of the market capitalization of the preferred shares applied for listing, whichever is higher.

**SECTION 4. Minimum Number of Stockholders** - Upon listing, the Applicant Company shall have at least one thousand (1,000) stockholders, each owning stocks equivalent to at least one (1) board lot. After listing, the company shall maintain, at all times, a minimum public ownership of twenty percent (20%) of the outstanding and listed preferred shares, or such other percentage as may be prescribed by the Exchange.

#### **SECTION 5. Lock-Up -**

- (a) If there is any issuance or transfer of preferred shares (*i.e.*, private placement, asset for shares swap or a similar transaction), or of instruments which leads to an issuance or transfer of preferred 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, and the transaction price is lower than that of the offer price in the Initial Public Offering (IPO), 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 said shares.
- (b) The lock-up requirement shall be stated in the Articles of Incorporation of the Applicant Company.

- (c) The foregoing lock-up requirement shall be implemented in the manner provided in Section 17, Part A, Article III of the Consolidated Listing and Disclosure Rules, or any amendment thereto.
- (d) 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 fully complied with 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.

**SECTION 6 - Offering Period to Local Small Investors** - While the public offering period under these Rules is five (5) Trading Days, the period within which to offer the shares to the local small investors shall only be three (3) Trading Days.

**SECTION 7. Listing of Common Shares** - The Applicant Company shall have discretion to subsequently list its common shares.

**SECTION 8. Other Prohibitions** -

- (a) Companies mandated by law or applicable regulation to list or offer their shares to the public shall not be qualified to list under these Rules; and
- (b) Any company that lists under these Rules cannot list by way of introduction.

## **ARTICLE IV**

### **DEBT SECURITIES**

**SECTION 1. Scope** – The rules set out the requirements for the listing of debt securities on the Exchange.

**SECTION 2. Requirement for a Rating** – Except for national government securities, every issue that will be listed on the Exchange shall be rated periodically as long as it remains outstanding, regardless of the fact that the Issuer and Guarantor, in the case of guaranteed issues, may have already been rated.

The applicant Issuer shall engage the services of a reputable credit rating agency acceptable to the Commission to rate the issue.

**SECTION 3. Requirements from Guarantor** – In cases of guaranteed issues, a Guarantor will be required to comply with the Rules, to the same extent as if such Guarantor was the Issuer of the relevant debt securities.

- (a) The Prospectus issued in relation to a guaranteed issue must contain the same information regarding the Guarantor as that regarding the applicant Issuer, so that, where appropriate, references to the “applicant Issuer” should be read as equally applying to the Guarantor; and
- (b) The Guarantor will be required to sign a Listing Agreement in the form prescribed and provided by the Exchange.

The relevant guarantee must be issued in conformity with existing laws and regulations and in conformity with the Guarantor’s articles of incorporation or equivalent documents and all authorization needed for its issue under such law must have been duly given.

**SECTION 4. Requirement for an Underwriter** – The applicant Issuer shall engage the services of a duly licensed underwriter, who among others, may act as the applicant Issuer’s lead underwriter.

The lead underwriter and/or issue manager shall warrant that it has exercised due diligence in ascertaining that all material representations contained in the applicant Issuer’s Prospectus or Offering Memorandum, their amendments or supplements are true and correct, and that no material information was omitted.

**SECTION 5. Requirement for a Transfer Agent and a Paying Agent** – The applicant Issuer shall engage the services of a duly-licensed transfer agent acceptable to

the Exchange, until the date on which no debt security remains outstanding, which shall perform the following functions:

- (a) Maintain an accurate registry for recording initial and subsequent transfers and an electronic link with the Exchange's clearing agency; and
- (b) Maintain an electronic link with the Exchange to facilitate the clearing and settlement of trades.

The applicant Issuer shall engage the services of a paying agent acceptable to the Exchange, until the date on which no debt security remains outstanding, which shall perform the following functions:

- (a) Receive funds from an issuer and in turn pay principal and interest payments to holders of debt securities; and
- (b) Maintain an electronic link with the transfer agent, to continually update its records on which interest and principal payments to security holders are based.

The applicant Issuer shall take full responsibility for all the acts of its transfer agent and paying agent and shall execute and submit an undertaking holding itself jointly and severally liable for all the acts of its transfer and paying agents in relation to the issue.

The applicant Issuer shall further be responsible to make the necessary arrangement for the safekeeping of the relevant records prepared by the transfer agent and the paying agent in accordance with the requirement of the pertinent rules and regulations of the Commission and the Anti-Money Laundering law and its rules and regulations, among others.

#### **SECTION 6. Listing Criteria and Requirements -**

- (a) The debt securities for which listing is sought must be transferable.
- (b) The minimum size for an issue shall be One Hundred Million Pesos (₱100,000,000.00).
- (c) Each issue must be distributed to and held by at least one hundred (100) holders at any given time.
- (d) All Issuers and Guarantors shall enter into a Listing Agreement with the Exchange through which they undertake to comply with the continuing

obligations as a condition for the listing of their debt securities. Failure to comply with the terms of the Listing Agreement may lead to the suspension of secondary market trading or cancellation of the listing of their debt securities.

- (e) Debt securities to which options, warrants or similar rights to subscribe or purchase equity securities or debt securities are attached must also comply with the requirements for listing applicable to such options, warrants or similar rights.
- (f) Convertible debt securities may only be listed if their underlying equity securities are already listed at the Exchange.

**SECTION 7. Listing in Tranches** - The application for listing must cover the maximum amount of securities which may be issued and listed at any one time. The applicant Issuer may either apply for listing a single-tranche issue or a multiple-tranche issue.

If the Exchange approves the application for a multiple-tranche issue, it will admit to listing all securities under said multiple-tranche issue as long as the registration with the Commission and other requirements pertinent to the program remain valid, including submission to the Exchange of the following:

- (a) final terms of the issue;
- (b) any supplementary listing document as may be applicable, previously approved for publication; and
- (c) confirmation from the Issuer that the subject securities have been issued.

**SECTION 8. Requirements from Issuer and Guarantors of Exempt Securities** - In addition to the relevant documents required, the following must be submitted by an applicant Issuer whose debt securities are exempt from registration with the Commission:

- (a) A certification that the transaction is exempt from registration, a resolution confirming the exemption or any other similar document issued by the Commission; and
- (b) Copies of authorization needed for the creation and issue of the debt securities including the following:

- (1) a certified copy of the resolution of the applicant Issuer's stockholders, board of directors, authorized officers and/or other governing body, authorizing the issue of such bonded indebtedness; and
- (2) in the case of a guaranteed issue, a certified copy of the resolution of the board of directors, authorized officers and/or other governing body of the Guarantor approving and authorizing the giving and signing of the guarantee. If the Government of the Philippines is the Guarantor, the guarantee of the Secretary of Finance on behalf of the national government, or such guarantor authorized by law, shall be required.

**SECTION 9. Responsibilities of Directors and Officers of the Applicant Issuer and Lead Underwriter** – Directors and officers of the applicant Issuer are solely responsible for the information contained in the listing application and all documents submitted to the Exchange, including its Prospectus. A statement to that effect shall be incorporated in the Prospectus. Moreover, the last page of the Prospectus or Offering Memorandum shall contain the following:

- (a) A statement that the applicant Issuer and the lead underwriter(s) have exercised due diligence in ascertaining that all material representations contained in the Prospectus or Offering Memorandum, and amendments or supplements thereto are true and correct, and that no material information was omitted which was necessary in order to make the statements contained in said documents not misleading as of the date of the document; and
- (b) The names and signatures of majority of the members of the Board of Directors of the applicant Issuer and the chief executive officer/chief operating officer of the applicant Issuer and its lead underwriter(s).

**SECTION 10. Full Disclosure Policy** – The applicant Issuer shall fully disclose any and all material information relative to the issue. The Exchange may require disclosure of additional or alternative items of information as it considers appropriate and material in any particular case.

The applicant Issuer must show its willingness to comply with the full disclosure requirement. If during the application, the applicant Issuer fails to make a timely and accurate disclosure of material information or deliberately misrepresents material facts to the Exchange, the Exchange may consider the said actions as evidence of the applicant Issuer's refusal to comply with the full disclosure policy of the Exchange and on the basis thereof reject the application.

**SECTION 11. Prospectus, Press Releases and Other Similar Documents** - All Prospectus, primers, subscription agreement forms, newspaper prints, advertisements, press releases and similar documents in connection with the issuance shall first be submitted to the Exchange for review and disclosure purposes.

**SECTION 12. Listing Procedure** - The procedure for listing an issue will be similar to that of listing equity securities on the Exchange provided in Part B, Article III of these Rules.

**SECTION 13. Listing Application** - The contents for a listing application are enumerated in Appendix I, Part B. The Exchange may require the applicant Issuer to provide additional information and any other document which it deems necessary for a proper evaluation of the application.

**SECTION 14. Continuing Listing Requirements** - Without in any way limiting the applicability of the rules governing continuing listing and all the rules and regulations set forth by the Exchange, the following shall be observed at all times:

- (a) The minimum number of beneficial holders at any given time shall be one hundred (100) or such other number the Commission may from time to time prescribe.
- (b) The Issuer shall pay the annual maintenance fee assessed by the Exchange for all debt securities.
- (c) As long as the debt security remains outstanding, the Issuer must inform the Exchange of the following as soon as possible:
  - (1) Any change in the rating of a debt security;
  - (2) Any change in the rights attached to any class of listed debt securities (including any change in the rate of interest carried and any change in the rights attached to any share into which any listed debt securities are convertible or exchangeable);
  - (3) Any plan to postpone any interest payment on listed debt securities;
  - (4) Any purchase, redemption, cancellation or conversion by the Issuer of its listed debt securities. The amount of relevant debt securities outstanding shall also be stated. In the event of any redemption, cancellation or conversion of the debt securities, the Issuer must



- provide the Exchange with the respective notice(s) for public release;
- (5) Any proposed change in capital structure;
  - (6) Any new loans or issues of debt securities and, in particular, any guaranty or security in respect thereof; and
  - (7) Any decision to change an Issuer's articles of incorporation and by-laws.
- (d) Simultaneously as required by the Commission, the Issuer shall furnish the Exchange certified true copies of information, documents and reports submitted to the Commission relating to the issues listed. In the case of exempt securities, the Issuer shall furnish the Exchange updated information in the form and frequency that the Exchange shall prescribe.

The Issuer must ensure that all necessary facilities and information are available to enable the holders of its listed debt securities to exercise their rights. In particular, it must inform holders of the holding of meetings which they are entitled to attend, enable them to exercise their right to vote where applicable, and publish in the newspapers notices or distribute circulars giving details of the allocation and payment of interest in respect of such securities, the issue of new debt securities (including arrangements for the allotment, subscription, renunciation, conversion or exchange of such debt securities) and repayment of debt securities.

The disclosure requirements and procedures set forth in the Disclosure Rules shall be complied with, when applicable.

**SECTION 15. Cancellation of Listing** – An event of default on the part of the Issuer and Guarantor or failure to comply with other continuing listing obligations shall be grounds for suspension or delisting of securities in the Exchange, notwithstanding the provisions provided in the Rules and the other rules and regulations of the Exchange.

The Exchange shall ensure that upon maturity or full conversion, debt securities shall automatically be delisted.

## 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.*

**SECTION 2. Rights or Public Offering Requirement** - 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)*

Issuers not covered by any of the exceptions in Section 3 must first file within sixty (60) calendar days from the date of the stockholders' meeting approving the transaction, unless extended by the Exchange upon the request of 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 3. Exceptions to the Rights or Public Offering Requirement** – 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;
- (b) The requirement for a rights or public offer is waived by a majority vote of the outstanding shares held by the minority stockholders present or represented in the stockholders' meeting; or
- (c) Issuers is undergoing rehabilitation and bankruptcy. Its exemption from the rights or public offering requirement shall be without prejudice to the provisions of the Delisting Rules.

**SECTION 4.** For related party transactions falling under Section 3(b), the Issuer must submit a sworn corporate secretary's certification confirming that a waiver of the requirement to conduct a rights or public offering has been granted in accordance with the guidelines in Section 3(b).

The foregoing sworn corporate secretary's certification required must contain the following:

- a. Tabulation of minority shareholders who attended the meeting;
- b. Tabulations of the votes of the minority stockholders, indicating the number of shares and percentage to the total outstanding shares held by the minority stockholders present or represented in the meeting either in person or by proxy;
- c. How voting was conducted;
- d. Copies of the resolutions passed; and
- e. Measures undertaken by the issuer to ensure that the minority shareholders have been informed of the requirement to obtain a waiver.

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

- 3) The request for waiver of the requirement to conduct a rights or public offering.

For the avoidance of doubt, “minority shareholders” shall refer to “public shareholders” as determined pursuant to the PSE Guidelines in Determining the Public Ownership of Listed Companies.

**SECTION 5. 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 6. 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 7. Stockholders' and Board Approval** – The Issuer must submit a sworn Corporate Secretary's Certification confirming the following:

- a) That at least two-thirds (2/3) of the entire membership of the Board of Directors, including at least a majority (but not less than two) of the independent directors, approved the transaction; and
- b) That the stockholders in a regular or special meeting approved the transaction.

**SECTION 8. 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 9. 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 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.*



**SECTION 11. Lodgment and Trading of Unlisted Shares** - Listing Applicant shall ensure that securities which are not yet listed on the Exchange, including those which have been approved for listing but Issuer has not yet complied with post-approval requirements, shall not be lodged and/or traded through the facilities of the Exchange.

Lodgment and/or trading of unlisted securities shall subject the Issuer to a fine equivalent to fifteen percent (15%) of the market value of the shares at the time of lodgment plus a daily fine of Two Thousand Pesos (₱2,000.00) for each day of continuing violation until rectification, or Five Million Pesos (₱5,000,000.00), whichever is higher. Market value shall be computed by multiplying the number of lodged and/or traded unlisted shares by the last traded price of the stock as of the day immediately preceding the lodgment.

Each application for lodgment and the subsequent trading involving unlisted shares shall constitute one violation.

## 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. Full Payment of Shares** - All shares applied for listing must be fully paid.

**SECTION 7. 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 8. 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 9. 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.

**ARTICLE V**  
**ADDITIONAL LISTING OF SECURITIES**

**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.

**ARTICLE V**  
**ADDITIONAL LISTING OF SECURITIES**

**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.

## ARTICLE V ADDITIONAL LISTING OF SECURITIES

### 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.

## ARTICLE VI SCHEDULE OF FEES

### PART A GENERAL

**SECTION 1. General Principles; No Vested Rights** - The Exchange is hereby authorized to prescribe, collect and receive fees for any applications, filings, maintenance requirements, and proceedings undertaken by the Exchange. No vested right is acquired from payment of such fees nor shall any refund be granted for any withdrawal, abandonment and/or disapproval of any application.

**SECTION 2. Fees Exclusive of VAT and Other Taxes** - All fees listed herein shall be exclusive of the value added tax assessed and other forms of tax assessed by the national and/or any local Government. All taxes shall be for the account of the Applicant Company.

**SECTION 3. Payment Period for Filing Fee** - The Applicant Company shall pay the filing fee upon filing of the listing application.

*Note: The above Section 3 was amended to reflect the New Fee Framework for Listing Applications (see **Supplemental Rule 16**)*

**SECTION 4. Payment Period for Annual Listing Maintenance Fee** - The annual listing maintenance fee shall be paid on or before 15 January of each year, with an allowable grace period of one (1) week.

The Issuer/Listed Company shall be assessed a fine One Thousand Pesos (₱1,000.00) for every calendar day of delay. If the Issuer fails to remit the maintenance fee by 15 February of that same year, the Exchange shall discontinue assessing the Issuer the fine but it shall automatically suspend the Issuer from trading for two (2) months or until 15 April. If the Listed Company still fails to pay the required fee after 15 April, the Issuer shall be considered for delisting in accordance with the Delisting Rules of the Exchange.

**SECTION 5. Mode of Payment** - Payment for all the fees shall either be in:

- (a) a local clearing check issued by the company; or
- (b) a manager's check.

All fees imposed by the Exchange are exclusive of all forms of taxes.

**SECTION 6. Out-of-Pocket Expenses** - All out-of-pocket expenses incurred by the Exchange in the conduct of its due diligence on the Issuer shall be charged separately to the Issuer.

## ARTICLE VI SCHEDULE OF FEES

### PART B EQUITY SECURITIES - INITIAL LISTING

*Note: This Article VI Part B was amended to reflect the New Fee Framework for Listing Applications (see Supplemental Rule 16)*

**SECTION 1. Applications for Initial Public Offering (Primary Listing in the Main Board)** - Issuers applying to list by way of primary listing in the Main Board of the Exchange shall pay a filing fee based on the computed market capitalization of the Issuer. Market capitalization is computed as the total number of shares applied for listing multiplied by the offer price:

| <u>Market Capitalization (MCap)</u> | <u>Filing Fee Rate</u>  |
|-------------------------------------|---|
| (1) ₱15 Billion and below           | 1/10 of 1% of MCap but not lower than ₱500,000.00               |
| (2) Over ₱15 Billion                | ₱15.00 Million + 1/20 of 1% of the excess over ₱15 Billion MCap |

*Note: The listing fee rate stated above is pursuant to the revised listing fee structure approved by the Exchange's Board of Directors on 22 June 2005. (Guidance Note 11 - Resolution No. 126 Series of 2005 of the Exchange's Board of Directors)*

**SECTION 2. Applications for Initial Public Offering (Primary Listing in the SME Board)** - Issuers applying to list by way of primary listing in the SME Board of the Exchange shall pay a filing fee equivalent to 1/10 of 1% of the maximum aggregate price of the securities to be offered.

**SECTION 3. Applications for Listing by Way of Introduction in the Exchange** - Applicable fees for Issuers applying to list by way of secondary listing in the Exchange are as follows:

For companies applying under Section 1(a), Part G, Article III, the filing fee shall be computed based only on the number of shares applied for listing held within the Philippines applying the scale of fees in Section 1, Part B, Article VI.

All other companies applying to list by way of introduction shall follow the scale of fees in Section 1, Part B, Article VI (for Main Board) or Section 2, Part B, Article VI (for SME Board).

The filing fee (for Main Board) however, shall not be less than Five Hundred Thousand Pesos (₱500,000.00).

**SECTION 4. Applications for an IPO Shelf Listing** - The applicable fees for Issuers applying for IPO shelf listing are as follows:

- (A) **Main Board** - Issuer shall follow the scale of fees in Section 1, Part B, Article VI and compute the filing fees based on the market capitalization of the Issuer. The filing fee for the first tranche shall be paid upon filing of the initial shelf-listing application. The filing fee for subsequent tranches shall be paid upon filing of the listing application for said tranche.
- (B) **SME Board** - Issuer shall apply the rate in Section 2, Part B, Article VI and compute the filing fees based on the maximum aggregate price of the securities to be offered in the first tranche. The filing fee for the first tranche shall be paid upon filing of the initial shelf listing application. The filing fee for subsequent tranches shall be paid upon filing of the listing application for said tranche.

The filing fee covering the shelf-listed shares that will remain unissued or unsubscribed after the validity period of the Exchange's approval of the shelf-listing shall be paid no later than thirty (30) business days before the expiration of said validity period.

**SECTION 5. Computation of Filing Fee with No Final Offer Price**- If the final offer price is still to be determined from a price range set by the Issuer, the maximum price range shall be used as basis for the computation of the filing fees.

**SECTION 6. Applications for Transfer to the Main Board** - The Issuer shall pay a nonrefundable filing fee of One Hundred Thousand Pesos (₱100,000.00).

*Note: A listed company initially listed on the SME Board may, upon written request to the Exchange and payment of the applicable filing fee, be elevated for listing in the Main Board upon a showing that it has met the requirements for listing in the Main Board*



## ARTICLE VI SCHEDULE OF FEES

### PART C EQUITY SECURITIES - ADDITIONAL LISTING

*Note: This Article VI Part C was amended to reflect the New Fee Framework for Listing Applications (see Supplemental Rule 16)*

**SECTION 1. Applications for Additional Listing** - For all applications for listing of shares arising from subsequent public offerings of primary shares or re-issuance of shares, mergers or consolidations, substantial acquisitions, takeovers and reverse takeovers (also referred to as backdoor listings) and all other types of additional listing applications, the Issuer shall pay the filing fee rates indicated hereunder.

Out of pocket expenses incurred by the Exchange in the conduct of its due diligence or investigation on the Applicant Companies, its directors and officers, shall be charged separately to the Applicant Companies.

| <u>Transaction</u>            | <u>Filing Fee Rate</u>   |
|-------------------------------|--|
| (1) Stock Dividend            | 1/10 of 1% of the number of shares to be listed multiplied by its par value.   |
| (2) Stock Rights Offering     | 1/10 of 1% of the number of shares to be listed multiplied by its offer price. If the final offer price is still to be determined from a price range set by the Issuer, the maximum price in the price range shall be used as the offer price. |
| (3) Debt-to-Equity Conversion | 1/10 of 1% of the number of shares to be listed multiplied by its conversion price.  |
| (4) Private Placement         | 1/10 of 1% of the number of shares to be listed multiplied by its placement price.   |
| (5) Shares for Asset Swap     | 1/10 of 1% of the number of shares to be listed multiplied by its transaction price.   |
| (6) Shares for Property Swap  | 1/10 of 1% of the number of shares to be listed multiplied by its transaction price.   |

| <u>Transaction</u>                 | <u>Filing Fee Rate</u>  |
|------------------------------------|---|
| (7) Underlying Shares              | 1/10 of 1% of the maximum number of underlying shares to be converted or exercised multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for purpose of computing the filing fee.  |
| (8) Availment of Stock Option Plan | <p>1/10 of 1% of the maximum number of shares to be availed or exercised multiplied by its Stock Option Plan price.</p> <p>Should the stock option price refer to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for the purpose of computing the filing fee. The same shall not, however, apply to shares already availed of or granted pursuant to the plan, in which case, the stock option price to be used by the Exchange shall be the price at which said option shares have been availed of or exercised.</p> |
| (9) Preferred Shares               | 1/10 of 1% of the number of shares to be listed multiplied by its issue price.  |
| (10) Follow-on Offerings           | <p>For common shares and ETFs - 1/10 of 1% of the number of shares to be listed multiplied by the maximum price or cap in the price range.</p> <p>For other shares - 1/10 of 1% of the number of shares to be listed multiplied by its offer price. If the final offer price is still to be determined from a price range set by the Issuer, the maximum price in the price range shall be used as the offer price.</p>   |

| <u>Transaction</u>                              | <u>Filing Fee Rate</u>  |
|---|---|
| (11) Underlying Shares of Subscription Warrants | 1/10 of 1% of the maximum number of underlying shares to be converted or exercised multiplied by its conversion, strike, or exercise price. If the conversion, strike, or exercise price refers to a formula or market price of the shares at some future date or period, the date or period closest to the date of filing of the listing application shall be used for purposes of computing the filing fee. |

The additional filing fee structure stated above is applicable to the additional listing of securities of listed companies which were listed in the Exchange by way of introduction. For companies applying under Section 1(a), Part G, Article III, the fee computation however, shall be based only on the shares offered in the Philippines but the amount shall not be less than One Hundred Thousand Pesos (₱100,000.00).

In case of shelf-listing of additional securities, the filing fee to be paid by the Applicant Company shall be computed based on the number of shares to be issued per tranche of offer/issuance. The filing fee for the first tranche shall be paid upon filing of the shelf-listing application. The filing fee for subsequent tranches shall be paid upon filing of the listing application for such tranche. The filing fee covering the shelf-listed shares that will remain unissued after the validity period of the Exchange’s approval of the shelf-listing shall be paid not later than thirty (30) business days before the expiration of said validity period.

## **SECTION 2. Annual Listing Maintenance Fee**

The new Annual Listing Maintenance Fee (“ALMF”) for Listed Companies shall be 1/100 of 1% of market capitalization but in no case to be less than Two Hundred Fifty Thousand Pesos (₱250,000.00) nor more than Two Million Pesos (₱2,000,000.00) for each Listed Company. The ALMF for companies listed under the SME Board is One Hundred Pesos (₱100.00) for every One Million Pesos (₱1,000,000.00) market capitalization, but in no case to be less than Fifty Thousand Pesos (₱50,000.00) nor more than Two Hundred Fifty Thousand Pesos (₱250,000.00).

*Note: Section 2 above has been amended to reflect the new ALMF for listed companies as stated in the Exchange’s Memorandum for Brokers dated 17 December 2007 which took effect on 28 December 2007. (Guidance Note 12 – PSE Memo for Brokers dated 17 December 2007 re: New Annual Listing Maintenance Fee)*

**SECTION 3. Filing Fee for Subscription Warrant** – The filing fee for Subscription Warrants shall be based on the total funds which would be raised from the full exercise of the warrants, to wit:

| Percentage of Existing Issued Share Capital Subject to Warrants | Total Funds Which Would Be Raised on Full Exercise of the Warrants |                          |                  |
|---|--|--------------------------|------------------|
|   | Not Exceeding ₱500 Million   | Not Exceeding ₱1 Billion | Above ₱1 Billion |
| Not exceeding 10%   | ₱150,000.00  | ₱250,000.00              | ₱300,000.00      |
| Not exceeding 50%   | 150,000.00   | 250,000.00               | 400,000.00       |
| Not exceeding 100%  | 250,000.00   | 300,000.00               | 450,000.00       |
| Over 100%   | 300,000.00   | 400,000.00               | 600,000.00       |

The filing fee is payable upon the filing of the application for listing of Subscription Warrants.

**ARTICLE VI**  
**PART D**

**SUBSTITUTIONAL LISTING**

**SECTION 1. Substitutional Listings**

| <b><u>Transaction</u></b>  | <b><u>Listing Fee Rate</u></b>  |
|--|---|
| (1) Where an Issuer's listed securities are to be split, subdivided, or otherwise changed, unless specified below, the fee for listing all substituted shares in excess of the number of shares already listed | 1/10 of 1% of the number of securities multiplied by the par value of the securities at effectivity date of the split, subdivision or change<br><br>In no case shall the listing fee be below Fifty Thousand Pesos (₱50,000.00) |
| (2) Where the capitalization of the Issuer is reduced so as to result in a consolidation of shares   | The fee for listing the consolidated shares shall be Fifty Thousand Pesos (₱50,000.00)  |
| (3) Where there is to be a change in the classification or name of a listed class of shares without a change in the number of shares issued and outstanding or authorized for issuance for a specific purpose  | The fee shall be Five Thousand Pesos (₱5,000.00)  |
| (4) Where the primary and/or secondary purpose of an Issuer is to be changed without any change in the capital structure   | The fee shall be Twenty-five Thousand Pesos (₱25,000.00)  |

*Note: The Exchange also has Rules on Substitutional Listing. (Supplemental Rule 9 – PSE Memo for Brokers No. 085-2003 dated 24 March 2003 re: Rule on Substitutional Listing)*

**ARTICLE VI**  
**PART E**

**DEBT SECURITIES**

**SECTION 1. Applications for Initial Listing -**

(a) **Processing Fee** Upon application, the Issuer shall pay a non-refundable processing fee of Fifty Thousand Pesos (₱50,000.00) plus other incidental expenses

(b) **Initial Listing Fee** The computation of the initial listing fee is based on the face value of debt securities ("DFV") at listing date(s). In the case of debt issuance programs, Two Hundred Fifty Thousand Pesos (₱250,000.00) shall be remitted upfront to the cover the first Five Hundred Million Pesos (₱500,000,000.00) face value of securities to be issued and listed. Payments on succeeding issues beyond Five Hundred Million Pesos (₱500,000,000.00) are to be based on the face value of the issues to be listed

| <u>Debt Face Value (DFV)</u> | <u>Initial Listing Fee Rate</u>                                  |
|------------------------------|--|
| (1) First ₱5 Billion         | 1/20 of 1% of DFV or ₱250,000.00 whichever is higher             |
| (2) Second ₱5 Billion        | ₱2.50 Million + 1/30 of 1% of the excess over ₱5 Billion DFV     |
| (3) Third ₱5 Billion         | ₱4.16667 Million + 1/40 of 1% of the excess over ₱10 Billion DFV |
| (4) Fourth ₱5 Billion        | ₱5.41667 Million + 1/50 of 1% of the excess over ₱15 Billion DFV |
| (5) Excess of ₱20 B          | ₱6.41667 Million + 1/60 of 1% of the excess over ₱20 Billion DFV |



## **ARTICLE VI**

### **SCHEDULE OF FEES**

#### **PART F**

#### **ACCREDITATION OF SPONSORS**

**SECTION 1. Filing Fees.** Upon filing of an application for accreditation as listing sponsor, the Applicant shall pay a non-refundable filing fee of Two Hundred Thousand Pesos (₱200,000.00). An application for accreditation shall only be accepted upon payment of the processing fee and submission of all documentary requirements to the Exchange.

**SECTION 2. Accreditation Fees.** Within fifteen (15) calendar days from receipt of notice from the Exchange approving the application, the Applicant shall pay an accreditation fee of Three Million Five Hundred Thousand Pesos (₱3,500,000.00). The accreditation shall take effect upon payment of the accreditation fee and shall be valid for a period of three (3) years from date of accreditation.

There will be no refund of all or a portion of the accreditation fees should a sponsor's accreditation be suspended or revoked during the 3-year accreditation period.

**SECTION 3. Out of Pocket Expenses.** Out-of-pocket expenses incurred by the Exchange in the conduct of its due diligence on the Applicant shall be charged separately.

**SECTION 4. Renewal Fees.** The fees and charges set out herein shall also apply to renewal of sponsor accreditation.



## ARTICLE VII DISCLOSURE RULES

**SECTION 1. Basic Principle** - The basic principle of the Exchange is to ensure full, fair, timely and accurate disclosure of material information from all listed companies. This principle shall apply to all the disclosure requirements under these Rules.

**SECTION 2.** Issuers must comply with the continuing disclosure requirements of the Exchange. The Issuer must promptly make available all information, through the submission of structured and unstructured disclosures, that would enable a reasonable investor to determine whether to buy, sell or hold securities, or in connection with the exercise of related voting rights. It must take reasonable steps to ensure that all investors have equal access to such information.

*Note: Corporate disclosures are classified into two: the structured and the unstructured corporate disclosures. Structured continuing disclosures are reportorial requirements submitted within specific time frames such as annual, quarterly and monthly reports. Unstructured continuing disclosures are communications of corporate developments as they occur and are intended to update the investing public on the activities, operations and business of the Issuer.*

*Beginning 8 April 2008, the Exchange has adopted the guidelines for listed companies to follow in uploading to their respective websites the reports/disclosures made to the Commission and the Exchange, as well as the corporate governance reports:*

1. All structured, unstructured and corporate governance reports submitted to the Exchange and the Commission must be uploaded to the listed companies' respective website.
2. Companies must only upload the disclosures submitted to the Exchange on their websites upon receipt of the approval email from the Exchange or upon posting of the disclosures in the Exchange's website.
3. Below are the period within which listed companies are required to maintain the reports in their website:

|                             |   |                         |
|-----------------------------|---|-------------------------|
| Structured reports          | - | at least two (2) years  |
| Unstructured reports        | - | at least six (6) months |
| Corporate Governance Report | - | at least one (1) year   |
4. Listed companies' websites should contain the actual disclosures/reports and just provide a link to the Exchange's website. (**Guidance Note 13** - PSE Memorandum No. 2008-0182 dated 8 April 2008 re: Guidelines for Listed Companies on Posting Disclosures/Reports to their Websites)

*The Exchange has implemented beginning December 27, 2013 the PSE Electronic Disclosure Generation Technology (PSE EDGE) for the submission of all corporate disclosures and PSE listing and disclosure notices. (**Guidance Note 14** - PSE Memorandum DA-No. 2013-0726 dated 26 December 2013 re: Implementation of the PSE Electronic Disclosure Technology).*

*The cut-off for releasing of corporate disclosures by the Exchange is at 3:30 p.m. of each Trading Day, reckoned from the receipt. All disclosures received on or before this cut-off will be released on the same Trading Day. Submissions after 3:30 p.m., on the other hand, will be released on the next Trading Day. (Guidance Note 15 – PSE Memorandum CN – No. 2022-0010 dated 24 February 2022 re: Cut-off for Posting Disclosures on PSE EDGE Portal)*

### **SECTION 3. Reportorial Requirements under the Securities Regulation Code**

- Except as otherwise specified, the Exchange hereby fully adopts the requirements for filing, including form and content, under the SRC. Accordingly, Issuers are required to furnish the Exchange copies of all reportorial requirements submitted to the Commission.

*Note: Unless the reportorial requirements are already covered by Sections 4.1 and 4.4 below which require the disclosure of the matter to the Exchange within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event, such reportorial requirement must be simultaneously submitted to the Exchange.*

### **SECTION 4. Unstructured Continuing Disclosure Requirements, Purpose –**

Unstructured continuing disclosures are communications of corporate developments as they occur. The purpose for requiring unstructured disclosures is for the Issuer to update the investing public with any material fact or event that occurs which would reasonably be expected to affect investors' decision in relation to the trading of its securities.

*Note: A material fact or event is one which would reasonably be expected to affect investors' decisions in relation to those securities. This includes, but is not limited to, any significant and relevant information relating to the business and operations of the Issuer that, if and when disclosed, would result in or would reasonably be expected to cause a significant change in the trading and/or market value of the Issuer's securities.*

**SECTION 4.1. Disclosure of Material Information** – In addition to the reportorial requirements under the SRC, Issuers are hereby required to disclose to the Exchange once they become aware of any material information or corporate act, development or event, within ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event. Disclosure must be made to the Exchange prior to its release to the news media.

The original copy of the disclosure must be delivered to the Exchange within twenty four (24) hours from the time of initial disclosure.

Any disclosure pursuant to the foregoing must be addressed to the attention of the Disclosure Department of the Exchange.

Should the act, development or event occur during trading hours, the Issuer must request a halt in the trading of its shares in order to ensure that the investing public would have equal access to the information. If, however, the said act, development or event occurs after trading hours but the Issuer is unable to make a disclosure prior to the pre-open period of the next Trading Day, the Issuer must request a halt in the trading of its shares. In both cases, the trading halt shall be lifted one (1) hour after the information has been disseminated to enable the investing public to digest the information. If the information is disseminated one (1) hour or less prior to the close of market, the trading halt shall be lifted on the subsequent Trading Day.

*Note: Under the Exchange's Revised Trading Rules, "Trading Halt" means any "temporary stoppage in the trading of a security not lasting longer than one (1) Trading Day." Orders, other than Cross Transactions, can be posted, modified and cancelled notwithstanding the Trading Halt of a security.*

*In case of trading suspension, orders cannot be posted, modified or cancelled and no Trading Participant may carry out, directly or indirectly, any action involving a suspended security.*

However, the above rule shall not apply when the following instances are present:

**4.1.1.** The activity or development is still considered soft information.

**4.1.2.** The disclosure of the information would be in contravention to any existing laws of the land.

*Note: Soft information is information that is indefinite in nature. It may, depending on attending facts and circumstances, include:*

- a. Forward looking statements or disclosures about future prospects or plans and objectives for future operations, projections or estimates, a statement on future economic performance;*
- b. Subjective, evaluative information prepared by analysts for strategic purposes or which contain management's beliefs or opinions; or*
- c. Uncertainties and developments in process, incomplete proposals or preliminary negotiations, corporate transactions in the planning stage or bid submissions.*

**SECTION 4.2. Selective Disclosure of Material Information** – An Issuer is prohibited to communicate material non-public information about the Issuer to any person, unless the Issuer is ready to simultaneously disclose the material non-public information to the Exchange. This section shall not apply if the disclosure is made to:

- a. A person who is bound by duty to maintain trust and confidence to the Issuer such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and
- b. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

The Issuer shall establish and implement internal controls that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with the requirement of this section.

*Note: Disclosure of material information must be made to the Exchange within the period stated in Section 4.1. and prior to its release to the media or any third party. Except for disclosures to persons under Section 4.2. (a) and (b), all directors, officers, employees, agents, and/or representatives of the Issuer must refrain from making statements especially if these are not yet disclosed to the Exchange.*

*For forward looking statements or soft information, the Issuer must emphasize the nature of such information and that the information is subject to change.*

**SECTION 4.3. Standard and Test in Determining Whether Disclosure is Necessary** – A disclosure must be made promptly by the Issuer if it meets any of the following standards:

- a. Where the information is necessary to enable the Issuer and the public to appraise their position or standing, such as, but not limited to, those relating to the Issuer's financial condition, prospects, development projects, contracts entered into in the ordinary course of business or otherwise, mergers and acquisitions, dealings with employees, suppliers, customers and others, as well as information concerning a significant change in ownership of the Issuer's securities owned by insiders or those representing control of the Issuer; or
- b. Where such information is necessary to avoid the creation of a false market for its securities; or
- c. Where such information may reasonably be expected to materially affect market activity and the price of its securities.

*Note: Subject to other provisions of the Disclosure Rules, it shall be the sole responsibility of the Issuer to determine which information is material under these standards and is therefore disclosable to the Exchange.*

**SECTION 4.4. Events Mandating Prompt Disclosure** - The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:

- a. A change in control of the Issuer;
- b. The filing of any legal proceeding by or against the Issuer and/or its subsidiaries, involving a claim amounting to ten percent (10%) or more of the Issuer's total current assets or any legal proceeding against its President and/or any member of its Board of Directors in their capacity as such;
- c. Changes in the Issuer's corporate purpose and any material alterations in the Issuer's activities or operations or the initiation of new ones;
- d. Resignation or removal of directors, officers or senior management and their replacements and the reasons for such;
- e. Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Issuer's situation;
- f. Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Issuer;
- g. Occurrence of any event of dissolution with details in respect thereto;
- h. Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the Issuer's business;
- i. Any licensing or franchising agreement or its cancellation which may materially affect the Issuer's operations;
- j. Any delay in the payment of debentures, negotiable obligations, bonds or any other publicly traded security;

- k. Creation of mortgages or pledges on assets exceeding ten percent (10%) or more of the Issuer's total assets;
- l. Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Issuer's total assets;
- m. Contracts of any nature that might limit the distribution of profits, with copies thereof;
- n. Facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the Issuer including the sale of or the constitution of sureties/pledges on a substantial part of its assets;
- o. Authorization, suspension, retirement or cancellation of the listing of the Issuer's securities on an exchange or electronic marketplace domestically or abroad;
- p. Fines of more than ₱50,000.00 and/or other penalties on the Issuer or on its subsidiaries by regulatory authorities and the reasons therefor;
- q. Merger, consolidation or spin-off of the Issuer;
- r. Any modification in the rights of the holders of any class of securities issued by the Issuer and the corresponding effect of such modification upon the rights of the holders;
- s. Any declaration of cash dividend, stock dividend and pre-emptive rights by the Board of Directors;
- t. Any change in the Issuer's fiscal year and the reason(s) therefor;
- u. All resolutions, approving material acts or transactions, taken up in meetings of the Board of Directors and Stockholders of the Issuer;
- v. A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger;
- w. Capitalization issues, options, directors/officers/employee stock option plans, warrants, stock splits and reverse splits;

- x. All calls to be made on unpaid subscriptions to the capital stock of the Issuer;
- y. Any change of address and contact numbers of the registered office of the Issuer;
- z. Any change in the auditors of the Issuer and the corresponding reason for such change;
- aa. Any proposed amendment to the Articles of Incorporation and By-Laws and its subsequent approval by the Commission;
- bb. Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Issuer or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term;
- cc. The appointment of a receiver or liquidator for the Issuer or any of its subsidiaries;
- dd. Any acquisition of shares of another corporation or any transaction resulting in such corporation becoming a subsidiary of the Issuer;
- ee. Any acquisition by the Issuer of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another Issuer or where the total value of its holdings exceed five percent (5%) of the net assets of an unlisted corporation;
- ff. Any sale made by the Issuer of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; or (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock;
- gg. Firm evidence of significant improvement or deterioration in near-term earnings prospects;
- hh. The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business;
- ii. A new product or discovery;
- jj. The public or private sale of additional securities;

- kk. A call for redemption of securities;
- ll. The borrowing of a significant amount of funds not in the ordinary course of business;
- mm. Default of financing or sale agreements;
- nn. Deviation from capital investment funds equivalent to twenty percent (20%) of the original amount appropriated;
- oo. Disputes with subcontractors, customers or suppliers or with any other parties;
- pp. An increase or decrease by ten percent (10%) in the monthly, quarterly and annual revenues on a year-on-year basis.

*Note: In addition to the above, the Issuer may also refer to the SEC Form 17-C for other disclosable matters.*

**SECTION 4.5. Duty of the Issuer to Clarify Non-Public Material** - Upon its receipt of any material non-public information, the Exchange shall request the Issuer concerned to confirm or deny the veracity of the said information (e.g. newspaper/newswire reports, information coming from third parties, broker's market letter, etc.) pertaining to the Issuer or any of its subsidiaries.

*Note: Public circulation of information, which has not yet been disclosed and/or insufficiently disclosed by the Issuer, and which may likely affect market activity, must be promptly clarified or confirmed by the Issuer in accordance with the instructions/guidelines issued by the Exchange. This is to prevent the creation of a false market.*

*If any of its directors or officers are attributed as the source, the Issuer should substantiate or make an official disclosure. If what is reported is erroneous, the Issuer should issue an announcement and clarify the information reported.*

If the request for confirmation is made by the Exchange prior to the pre-open period of the said Trading Day, the Issuer must reply prior to the start of the said pre-open period.

However, if the Exchange makes a request for confirmation after trading hours, the Issuer must reply prior to the start of the pre-open period of the next Trading Day.



The Exchange shall impose a trading halt on the securities of the Issuer if it fails to confirm or deny the veracity of the said material non-public information. The halt shall be lifted at 10:00 a.m. even in the absence of any reply from the Issuer verifying or clarifying the material information. The Exchange must receive the Issuer's reply not later than 11:00 a.m. of the same Trading Day. If by 11:00 a.m., the Issuer fails to reply or should the reply fail to sufficiently clarify the material information requested by 11:00 a.m., it shall be fined the amount of Thirty Thousand Pesos (₱30,000.00). Thereafter, the Issuer shall be fined the additional amount of Ten Thousand Pesos (₱10,000.00) for every thirty (30) minutes of delay.

The imposition of the foregoing penalties shall be without prejudice to the imposition of penalty/ies for non-disclosure of material information after the same has been duly established and the need to pursue investigation of a possible violation of the anti-manipulative and anti-fraudulent provisions of the SRC.

**SECTION 5. Disclosure for Substantial Acquisitions & Reverse Takeovers -**

When an Issuer or its subsidiary has merged or consolidated with or otherwise acquires a direct or indirect interest in an unlisted company, person or group, and said interest is ten percent (10%) or more of the total book value of the Issuer, the trading of the securities of the Issuer shall be suspended until the terms and conditions of the transaction, and the details pertaining to the business or project acquired are actually disclosed and, if applicable, the latest audited financial statements of the unlisted company, are submitted to the Exchange.

The foregoing, however, shall not apply to cases where the Issuer has merged or consolidated with or otherwise acquires an interest in its existing subsidiary(ies).

*Note: This provision is applicable to substantial acquisitions by the Issuer of interests in an unlisted company resulting to the issuance of shares by the unlisted company in exchange for the Issuer's cash and/or assets (i.e. property).*

*For acquisitions/transactions resulting to issuance of shares by the Issuer (i.e. private placements, property-for-share swaps), the rule on Additional Listing of Securities (Article V, Part A of the Listing Rules), particularly Sections 3 and 4 thereof, will apply.*

*Notwithstanding the foregoing, the Revised Rules on Backdoor Listing (see **Supplemental Rule 7**) will apply for any acquisition by an unlisted company of shares in the Issuer which results in change in control or de facto control, or substantial change in the business, of the Issuer.*

**SECTION 6. Disclosure of Dividend Declarations -** The Issuer must disclose to the Exchange dividend declarations as approved by its Board of Directors and shareholders in accordance with Section 4.1 above.

**SECTION 6.1. Disclosure of Record Date** - The Issuer must set the record date in accordance with the Rules of the Commission and when appropriate, of the Rules of the Bangko Sentral ng Pilipinas. The disclosure of the record date must not be less than ten (10) Trading Days from the said date.

**SECTION 6.2. Determination of Payment Date** - The Issuer must set the Payment Date in accordance with the rules of the Commission and when appropriate, of the Rules of the Bangko Sentral ng Pilipinas.

*Note: For all cash and stock dividends accruing to shares lodged with the PDTC, whether from unissued capital or resulting from an increase in capital stock, the same shall be remitted/credited to the PDTC for immediate distribution to its participants not later than eighteen (18) Trading Days from the record date set by the Commission. (Guidance Note 16 – PSE Memo for Brokers No. 268-2002 dated 14 November 2002 re: Amendment to Section 10, Article XII (Stock Dividends), Listings and Disclosure Rules)*

*On the other hand, for cash accruing to shares **not** lodged with the PDTC, the same shall be remitted/credited directly to the individual stockholders not later than eighteen (18) Trading Days from the record date set by the Commission. (Guidance Note 17 – PSE Memo for Brokers No. 38-2003 dated 6 February 2003 re: Deadline of Remittance of Cash Dividends Accruing to Shares not Lodged in PCD)*

*Further, the payment date shall not be more than eighteen (18) Trading Days from the record date. (Guidance Note 18 – PSE Memorandum No. 2008-0315 dated 30 June 2008 re: Disclosure of Record and Payment Date for Dividend Declarations)*

*Listed companies that are obliged to pay dividends may have a single declaration for several cash dividends within a year subject to the condition that their record and payment dates are also explicitly provided. (Guidance Note 19 – PSE Memorandum No. 2009-0272 dated 13 May 2009 re: SEC Memorandum Circular No. 2 Series of 2009)*

**SECTION 7. Disclosure on Stockholders' Meeting** - For the holding of any stockholders' meeting, the Exchange must be given a written notice thereof at least ten (10) Trading Days prior to the record date fixed by the Issuer. The notice must include all the necessary details including the time, venue, and agenda of the meeting and the inclusive dates when the stock and transfer books will be closed. The Issuer shall further submit within five (5) Trading Days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders' meeting.

*Note: The Issuer shall hold an annual/regular meeting of stockholders on a date fixed in its By-Laws. Any postponement of the scheduled meeting of stockholders, the reason(s) for such postponement and the next schedule of the stockholders' meeting must be disclosed to the Exchange.*

**SECTION 8. Disclosure of the Amendments to the Articles of Incorporation and By-Laws** - Upon approval by the Commission of the amendment to the Articles of

Incorporation and By-Laws of an Issuer, the following should be submitted to the Exchange within two (2) Trading Days:

- a. SEC Certified True Copy of the Amended Articles of Incorporation and By-Laws; and
- b. Detailed procedure to be undertaken by the Issuer in amending its stock certificates, if required.

*Note: Copies of the Amended Articles of Incorporation and By-Laws are submitted as attachments to the Issuer's disclosure on the Commission's approval. The procedures in updating stock certificates are usually submitted prior to or simultaneous with the Commission's approval so that the corresponding adjustments will be effected immediately.*

**SECTION 9. Disclosure of Acquisition of Outstanding Shares and Sale of Treasury Shares** - The Issuer must promptly disclose any planned acquisition of its shares or disposition of treasury shares. In addition, the Issuer must submit a disclosure regarding the actual number of shares and the transaction price for each acquisition or disposition of its own shares prior to the pre-open period of the next Trading day after the transaction was executed. The planned acquisition or disposition must likewise be in accordance with the rules and regulations of the Commission.

**SECTION 10. Disclosure of Acquisition by the Issuer's Subsidiaries, Affiliates and Others** - The Issuer must submit a disclosure to the Exchange regarding the actual number of shares and the transaction price for each acquisition or disposal of the Issuer's shares by its subsidiaries, affiliates or entities controlled or managed by the Issuer prior to the pre-open period of the next Trading Day after the transaction was executed or such other related information that the Exchange may require.

**SECTION 11. Disclosure of Pending Release of Shares Held Under Voluntary Lock-up** - The Issuer must notify the Exchange of the release of the shares held under escrow not earlier than fifteen (15) Trading Days but not later than ten (10) Trading Days before the end of the voluntary lock-up period.

**SECTION 12. Disclosure on Change of Stock Transfer Agent** - The Issuer must notify the Exchange on or before the pre-open period of the next Trading Day of a decision to terminate the services of its Stock Transfer Agent and the reasons for such termination. The notice should in any case be filed with the Exchange no later than thirty (30) days prior to the effectivity of the termination.

A new Stock Transfer Agent should be engaged by the Issuer no later than ten (10) Trading Days prior to the effectivity date of the termination of services of the original

Stock Transfer Agent. Notice to the Exchange that the Issuer has engaged a new Transfer Agent must be filed within the same period. Upon failure to comply with this requirement, the Exchange shall suspend trading of securities of the Issuer which shall be lifted upon receipt of notice of the engagement of a new Stock Transfer Agent.

**SECTION 13. Disclosure on Transactions of Directors and Principal Officers in the Issuer's Securities -**

**SECTION 13.1.** Notwithstanding Section 17.5 of these Rules, Issuers must disclose to the Exchange the direct and indirect ownership of its directors and principal officers in its securities within five (5) Trading Days after:

*Note: The above provision was amended to change the deadline for submission from two (2) Trading Days to five (5) Trading Days. (See **Supplemental Rule 10** – PSE Memo for Brokers No. 066-2004 dated 2 April 2004 re: Revision to Section 13.1. of the Revised Disclosure Rules)*

- a. The Issuer's securities is first admitted in the Official Registry of the Exchange;
- b. a Director is first elected or an Officer is appointed; or

*Note: The Issuer is required to disclose even if such director or officer has no beneficial ownership in the Issuer.*

- c. any acquisition, disposal, or change in the shareholdings of the Directors and Officers.

*Note: This requirement is separate and distinct from the reportorial requirements under SRC Rule 23. In addition to the submission of SEC Forms 23-A and 23-B, an Issuer must also submit the disclosure required in Section 13.1 to the Exchange*

**SECTION 13.2.** A Director or a Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.

**SECTION 14. Company and Analysts'/Investors' Briefings** – Issuer(s) must notify the Exchange of its company and analysts'/investors' briefings at least three (3) Trading Days prior to the scheduled date.

**SECTION 15. Unusual Trading Activity** – Unusual trading activity involving an Issuer's securities which occurs without any apparent reason gives rise to the

presumption that there is insider trading or a rumor or report, whether true or false, about the Issuer.

Whenever there is unusual trading activity in an Issuer's securities, the Issuer must respond promptly to any inquiry made by the Exchange concerning the unusual trading activity. In this connection:

- a. If the unusual trading activity results from the "leak" of material information, the information in question must be announced promptly. If the unusual trading activity results from a false rumor or report, the Exchange's policy on correction of such rumors and reports should be complied with; and
- b. If the listed Issuer is unable to determine the cause of the unusual trading activity, it must make a disclosure to the Exchange to the effect that there are no undisclosed recent developments affecting the Issuer that would account for the unusual trading activity.
- c. Any response made by the authorized Corporate Information Officer of an Issuer is presumed to have been made after consulting the Chairman of the Board, President or Corporate Secretary of the Issuer.

**SECTION 16. Update of Prior Statements** - Should subsequent events make a prior disclosure inaccurate, the Issuer has the duty to update and correct prior disclosures within ten (10) minutes after receipt of the updated information or upon determination of the discrepancy. Disclosure procedures under Section 4.1 shall apply.

*Note: The Issuer is required to disclose updates, clarifications or corrections regarding prior disclosures that are no longer accurate and have been superseded by subsequent events. Progress and/or developments regarding corporate actions, transactions or agreements entered into by listed companies are likewise required to be disclosed.*

**SECTION 17. Structured Continuing Disclosure Requirements for Listed Companies, Purpose** - The purpose for requiring structured disclosures is to assure the public availability of continuing adequate information on listed companies.

**SECTION 17.1. General Definition** - Structured continuing disclosures are the periodic reportorial requirements required by the Commission and the Exchange.

**SECTION 17.2. Submission of Periodic and Other Reports by Listed Companies to the Exchange** - Issuers shall file with the Exchange the following periodic and other reports:

- a. **Annual Report:** An annual report using SEC Form 17-A within one hundred five (105) days after the end of the fiscal year, or such other time as the Commission by rule shall prescribe; and

*Note: Requests for extension of deadline for filing of Annual Reports shall be accepted by the Exchange only if it follows the recommended format (see attachments in **Guidance Note 20**). Requests for extension using SEC Form 17-L (Notification of Inability to File All or Any Portion of SEC Form 17-A or 17-Q) shall not be accepted.*

*For Annual Reports, an additional period of fifteen (15) calendar days, or immediately upon submission to the Commission, whichever is earlier, may be granted. If the last day of the extended deadline falls on a Saturday, Sunday and/or a holiday, the last day of the extended deadline shall be automatically adjusted to the next working day.*

*The deadline for filing of request for extension shall be on the day of the original deadline for submission of the report. (**Guidance Note 20 - PSE Memorandum No. 2009-0214 dated 8 April 2009 re: Guidelines for requesting extension of deadline for filing Annual and Quarterly Reports**)*

- b. **Three (3) Quarterly Reports,** within forty-five (45) days from end of the first three (3) quarters of the fiscal year, the SEC Form 17-Q format shall be used. Issuers must include a schedule of aging of accounts receivables in their SEC Form 17-Q submitted to the Exchange.

*Note: For requests for extension of deadline for filing of Quarterly Reports, the recommended format should be used (see the attachments in **Guidance Note 20**). Requests for extension using SEC Form 17-L (Notification of Inability to File All or Any Portion of SEC Form 17-A or 17-Q) shall not be accepted. An additional period of five (5) calendar days, or immediately upon submission to the Commission, whichever is earlier, may be granted. If the last day of the extended deadline falls on a Saturday, Sunday and/or a holiday, the last day of the extended deadline shall be automatically adjusted to the next working day. The deadline for filing of request for extension shall be on the day of the original deadline for submission of the report. (see **Guidance Note 20**)*

- c. **Other Periodical Reports Prescribed by the Commission:** Such other periodical reports for interim fiscal periods and current reports on significant developments of the Issuer as the Commission may prescribe as necessary to update and keep current information on the operation of the business and financial condition of the Issuer.

**SECTION 17.3. Form of Periodic Report** - All reports (including financial statements) required to be filed with the Commission and the Exchange pursuant to Section 17.2 hereof shall be in such form, contain such information and be filed at such times as the Commission by rule shall prescribe, and in lieu of any periodical or current reports or financial statements otherwise required to be filed under the Corporation Code.

**SECTION 17.4. Furnishing of Annual Report to Shareholders** - Every Issuer shall furnish to each holder of such equity security an annual report in such form and containing such information as the Commission by rule shall prescribe.

**SECTION 17.5. Reports on Beneficial Ownership** - Any person who is directly or indirectly the beneficial owner of any equity security of a listed Issuer or is a director, officer or principal stockholder thereof shall submit the necessary reports in accordance with the requirements of Sections 18 and 23, as the case may be, of the SRC.

*Note: The Disclosure Rules also require the submission of Beneficial Ownership Reports, pursuant to the SRC Rule 18 or 23, as the case may be, of the direct and indirect ownership of the directors, officers or principal stockholders thereof of any equity security of an Issuer. Any amendments to these forms should likewise be reported and submitted to the Exchange.*

**SECTION 17.6. Report on the Number of Shareholders** - The Issuer is required to submit to the Exchange a report on the number of its shareholders owning at least one (1) board lot each. The report must be filed with the Exchange within five (5) Trading Days after the close of each calendar month.

**SECTION 17.7. Amendments in Reports** - If any material change occurs in the facts set forth in the beneficial ownership reports, such amendment shall be transmitted to the Issuer, the Exchange and the Commission in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

For all other reports, any amendments thereof shall be transmitted to the Exchange and the Commission.

**SECTION 17.8. Sanctions for Non-Compliance with Certain Structured Reportorial Requirements** - The following sanctions shall be imposed for failure to comply with the following structured reportorial requirements of the Exchange:

**(a) Annual Report using SEC Form 17-A**

- (1) An Issuer must submit its Annual Report using SEC Form 17A within one hundred five (105) calendar days after the end of the fiscal year or any valid extension thereof.
- (2) Should the Issuer fail to submit the required report, the Exchange shall impose a basic fine in accordance with the Scale of Fines for Non-compliance with the Reportorial Requirements of the Exchange. In addition, the Exchange shall commence imposing the daily fine for each day of non-compliance in accordance with the said Scale of Fines for a period of fifteen (15) calendar days. No earlier than the tenth (10<sup>th</sup>) calendar day prior to the lapse of the said fifteen (15) calendar day period, the Exchange shall warn the Issuer that the Trading Participants and the investing public shall be notified, through a circular, of the fact of its non-compliance with a further warning that failure to comply with the requirements of the Exchange shall result in the automatic suspension of the trading of the company's shares for a maximum period of three (3) months. During the three (3) month suspension period, the daily fine shall not be applied.

*Note: The impossible penalties and fines are set forth in Section 1 of Article VIII of these Rules.*

- (3) After the lapse of the suspension period and the Issuer still failed to comply with the reportorial requirement, the Exchange shall initiate delisting procedures.
- (4) Should the Issuer, on the other hand, be able to submit its Annual Report but fail to pay the basic fine, a fine for each day of non-payment, in accordance with the Scale of Fines for Non-compliance with the Reportorial Requirements of the Exchange, shall be imposed for a period of fifteen (15) days. In addition to the foregoing, the Issuer shall be considered delinquent by the Exchange. Thus, any application for additional listing of a delinquent company shall not be processed until it has been cleared of its penalty in arrears. Likewise, any request for issuance of clearance or certificate of good standing shall not be entertained by the Exchange. Should the Issuer still fail to settle its obligation to pay the basic fine and attendant daily fines, the



trading of the shares of the delinquent company shall be automatically suspended for a maximum period of three (3) months. Upon the expiration of the said three (3) month period, the Exchange shall initiate delisting procedures.

**(b) Quarterly Report Using SEC Form 17-Q**

- (1) An Issuer must submit its Quarterly Report using SEC Form 17-Q within forty-five (45) calendar days after the end of the quarter or any valid extension thereof.
- (2) Should the Issuer fail to submit the required report, the Exchange shall impose a basic fine in accordance with the New Scale of Fines for Non-compliance with the Reportorial Requirements of the Exchange. In addition, the Exchange shall commence imposing the daily fine for each day of non-compliance, in accordance with the said Scale of Fines within a period of ten (10) calendar days. No earlier than the fifth (5<sup>th</sup>) calendar day prior to the lapse of the said ten (10) calendar day period, the Exchange shall warn the Issuer that the Trading Participants and the investing public shall be notified, through a circular, of the fact of its non-compliance with a further warning that failure to comply with the requirement of the Exchange shall result in the automatic suspension of the trading of the Issuer's shares for a maximum period of two (2) months. During the two (2) month suspension period, the daily fine shall not be applied.

*Note: The impossible penalties and fines set forth in Section 1 of Article VIII of these Rules.*

- (3) After the lapse of the suspension period and the Issuer still failed to comply with the reportorial requirement, the Exchange shall initiate delisting procedures.
- (4) Should the Issuer, on the other hand, be able to submit its Quarterly Report but fail to pay the basic fine, a fine for each day of non-payment, in accordance with the New Scale of Fines for Non-compliance with the Reportorial Requirements of the Exchange, shall be imposed for a period of ten (10) calendar days. In addition to the foregoing, the Issuer shall be considered delinquent by the Exchange. Thus, any application for additional listing of a delinquent company shall not be

processed until it has been cleared of its penalty in arrears. Likewise, any request for issuance of clearance or certificate of good standing shall not be entertained by the Exchange. Should the Issuer still fail to settle its obligation to pay the basic fine and attendant daily fines, the trading of the shares of the delinquent company shall be automatically suspended for a maximum period of two (2) months. Upon expiration of the said two (2) month period, the Exchange shall initiate delisting procedures.

**SECTION 17.9. Compliance with Corporation Code Reportorial Requirement** - Listed companies whose securities are traded on the Exchange shall also file with the Exchange the following reports in compliance with reportorial requirements of the Corporation Code of the Philippines:

- a. A Report filed on SEC Form 17-A is deemed compliance with Section 141 of the Corporation Code of the Philippines;
- b. A Report filed on SEC Form 17-C is deemed compliance with Section 26 of the Corporation Code of the Philippines; and
- c. A Report furnished to security holders pursuant to Section 3 of SRC Rule 20 is deemed compliance with Section 75 of the Corporation Code of the Philippines.

*Note: Section 141 of the Corporation Code requiring submission by every corporation lawfully doing business in the Philippines of an annual report of its operations has been superseded by Section 177 of the Revised Corporation Code which now requires submission of annual financial statements, general information sheet (GIS), and, for corporations vested with public interest, a director compensation report and director appraisal or performance report, in addition to the annual financial statements and GIS.*

*Section 26 of the Corporation Code is now Section 25 of the Revised Corporation Code,*

*Section 75 of the Corporation Code is now Section 74 of the Revised Corporation Code.*

**SECTION 17.10. Adoption by the Exchange of SRC Rules 12 and 68 on Non-Financial and Financial Statement Portions of Reports** - The Exchange hereby adopts the Requirements for Filings pursuant to the SRC on the requirements applicable to the content of the Issuer's non-financial and financial statement portions of:

- a. Registration statements for the sale and/or distribution of securities pursuant to the provisions of Sections 8 and 12 of the SRC and SRC Rule 8 thereunder. Registration Statements under Section 12 of the SRC shall be filed on SEC Form 12-1.
- b. Prospectuses to be used in connection with the public distribution of securities pursuant to Section 8 of the SRC and SRC Rule 8-1.1 thereunder.
- c. Periodic and other reports required under Section 17 of the SRC to be filed with the Commission as provided in SRC Rules 17 and 17-1 and SEC Forms 17-Q, 17-A, 17-C, and 17-L, as appropriate, unless exempt from the provisions thereof.

*Note: Please see related note in Section 17.2 above.*

- d. Proxy and information statements required by Section 20 of the SRC, and SRC Rules 20 adopted pursuant thereto, filings of which shall be made on SEC Forms 20-A and 17-IS.
- e. Any other documents required to be filed under the terms of SRC Rule 12, which filings shall be made on SEC Forms specified in rules pertinent thereto, as provided in these Rules.

**SECTION 17.11. Submission of List of Stockholders** - The Issuer shall submit to the Exchange the list of stockholders who are entitled to notice and to vote at a regular or special stockholders meeting not later than five (5) Trading Days after the record date fixed by the Issuer for the holding of such meeting in a format as prescribed by the Exchange.

**SECTION 17.12. Submission of List of Top 100 Stockholders** - All listed companies shall submit to the Exchange a list of their top one hundred (100) stockholders on a quarterly basis. The list shall be submitted to the Disclosure Department within fifteen (15) days after the end of each quarter.

In the submission of the List of Top 100 stockholders, listed companies must furnish the Exchange the names of the broker, dealer, investment house, voting trustee, bank, association, or other entity that exercises fiduciary power in nominee name or otherwise. "PCD Nominee Corporation" will not anymore be accepted by the Exchange as a valid entry in the list. For this purpose, the PCD shall be requested to furnish the list of PCD Participants to the concerned Issuers to enable them to comply with the foregoing requirement.

**SECTION. 17.13. Report on Foreign Ownership -**

- a. Issuers with unclassified shares with foreign ownership limits shall submit to the Exchange on a monthly basis not later than the last working day of the first week of every month, the basic information that will enable the Exchange to show the exact number of shares in the hands of foreign shareholders on a real time basis using the prescribed form (PSE Form ATG 1-98). Issuers may mandate their transfer agent to submit directly the aforesaid form to the Exchange.

*Note: Listed companies are required to submit monthly foreign ownership reports via the PSE EDGE. Shares update (on listed and unlisted shares) must be reported not later than the last working day of the first week of every month. Cut-off time for the submission is at 4:00 p.m. of each Trading Day. (Guidance Note 21 - PSE Memo for Brokers No. 537-2007 dated 8 November 2007 re: Updating of Monthly Foreign Ownership Level)*

*In addition to the report required under Section 17.13, effective 2 July 2007, Issuers with unclassified shares and foreign ownership limits are required to update their securities information using the Submit Shares Information of the PSE EDGE not later than 4:00 p.m. of each Trading Day whenever there are changes in the amount of foreign shareholdings. The report shall include basic information showing the exact number of shares in the hands of foreign and local shareholders (Guidance Note 22 - PSE Memo for Brokers No. 249-2007 dated 15 June 2007 re: Updating of Foreign Ownership Level). Said update should include the number of unlisted shares in the hands of foreign and local shareholders. (Guidance Note 23 - PSE Memo for Brokers No. 437-2007 dated 24 September 2007 re: Updating of Foreign Ownership Level)*

- b. Issuers whose shares are either already classified into Class A and B shares, or can be owned entirely by the foreigners or cannot be owned at all by foreigners are exempt from this rule.

**SECTION 17.14. Annual Verification of the Bureau of Mines -** Mining companies whose securities are listed in the Exchange are required to submit on or before the end of March of each calendar year, a Certification from the Bureau of Mines and Geosciences of the following facts: (a) that the listed mining company's properties are still valid and subsisting and that said properties are being developed according to the work program of the mining company; (b) that the listed mining company's claims/leases are still valid at the time of certification, with a disclosure of all liens and encumbrances.

*Note: The Bureau of Mines has been renamed Mines and Geosciences Bureau.*

**SECTION 17.15. Annual Verification of the Department of Energy -** Petroleum Service Contractors whose securities are listed in the Exchange are required to submit on or before the end of March of each calendar year, a Certification from the Department of Energy (the “DOE”) that their Service Contracts are still valid and subsisting and that it has no pending violations with the DOE.

## ARTICLE VIII PENALTIES AND FINES

**SECTION 1. Scale of Fines for Non-Compliance with Structured Continuing Disclosure Requirements** - For failure to comply with the Structured Continuing Disclosure Requirements, the following fines and penalties shall be accordingly imposed against the Issuer:

| Total Assets (Based on Latest FS) | Basic Fine | Per Day Penalty     | Maximum Penalty Per Year/Per Violation |
|-----------------------------------|------------|---------------------|--|
| Less than ₱25.0 M                 | ₱5,000.00  | ₱500/day of delay   | ₱50,000.00                             |
| ₱25.0 M to Less than ₱30.0 M      | ₱6,000.00  | ₱600/day of delay   | ₱60,000.00                             |
| ₱30.0 M to Less than ₱45.0 M      | ₱7,000.00  | ₱700/day of delay   | ₱70,000.00                             |
| ₱45.0 M to Less than ₱50.0 M      | ₱8,000.00  | ₱800/day of delay   | ₱80,000.00                             |
| ₱50.0 M to Less than ₱60.0 M      | ₱9,000.00  | ₱900/day of delay   | ₱90,000.00                             |
| ₱60.0 M to Less than ₱80.0 M      | ₱10,000.00 | ₱1,000/day of delay | ₱100,000.00                            |
| ₱80.0 M to Less than ₱100.0 M     | ₱12,000.00 | ₱1,200/day of delay | ₱120,000.00                            |
| ₱100.0 M to Less than ₱150.0 M    | ₱14,000.00 | ₱1,400/day of delay | ₱140,000.00                            |
| ₱150.0 M to Less than ₱200.0 M    | ₱16,000.00 | ₱1,600/day of delay | ₱160,000.00                            |
| ₱200.0 M to Less than ₱250.0 M    | ₱18,000.00 | ₱1,800/day of delay | ₱180,000.00                            |
| ₱250.0 M to Less than ₱300.0 M    | ₱20,000.00 | ₱2,000/day of delay | ₱200,000.00                            |
| ₱300.0 M to Less than ₱350.0 M    | ₱22,500.00 | ₱2,250/day of delay | ₱225,000.00                            |
| ₱350.0 M to Less than ₱400.0 M    | ₱25,500.00 | ₱2,550/day of delay | ₱250,000.00                            |
| ₱400.0 M to Less than ₱450.0 M    | ₱27,500.00 | ₱2,750/day of delay | ₱275,000.00                            |
| ₱450.0 M to Less than ₱500.0 M    | ₱30,000.00 | ₱3,000/day of delay | ₱300,000.00                            |
| ₱500.0 M to Less than ₱600.0 M    | ₱33,000.00 | ₱3,300/day of delay | ₱330,000.00                            |
| ₱600.0 M to Less than ₱700.0 M    | ₱36,000.00 | ₱3,600/day of delay | ₱360,000.00                            |
| ₱700.0 M to Less than ₱800.0 M    | ₱39,000.00 | ₱3,900/day of delay | ₱390,000.00                            |
| ₱800.0 M to Less than ₱900.0 M    | ₱42,000.00 | ₱4,200/day of delay | ₱420,000.00                            |
| ₱900.0 M to Less than ₱1.0 B      | ₱45,000.00 | ₱4,500/day of delay | ₱450,000.00                            |
| ₱1.0 B and above                  | ₱50,000.00 | ₱5,000/day of delay | ₱500,000.00                            |

**SECTION 2. Penalty for Non-Compliance with Unstructured Disclosure Requirements** - Any violation of unstructured disclosure requirements committed within a twelve-month period shall make the Issuer liable for the following penalties:

**LEVEL 1 VIOLATIONS:** Non-disclosure, delayed disclosure or inaccurate disclosure of information which, although disclosable, are generally not expected to affect the Issuer's financial condition, operations, or voting structure.

| <b>BASIC PENALTY</b>                      |                   |
|---|-------------------|
| 1 <sup>st</sup> violation                 | Written reprimand |
| 2 <sup>nd</sup> violation                 | ₱50,000           |
| 3 <sup>rd</sup> violation                 | ₱75,000           |
| 4 <sup>th</sup> and subsequent violations | ₱100,000          |

**LEVEL 2 VIOLATIONS:** Violation of the black-out rule and non-disclosure, delayed disclosure or inaccurate disclosure of information which are generally expected to have an impact on the Issuer's financial condition, operations, or voting structure.

| <b>BASIC PENALTY</b>                                |   |
|---|---|
| 1 <sup>st</sup> violation                           | ₱100,000  |
| 2 <sup>nd</sup> violation                           | ₱150,000  |
| 3 <sup>rd</sup> violation                           | ₱200,000  |
| 4 <sup>th</sup> violation and subsequent violations | ₱300,000, subject to the Exchange's discretion to suspend trading or initiate delisting proceedings |

For both Level 1 and Level 2 violations, an additional fine of One Thousand Pesos (₱1,000.00) shall be imposed for each Trading Day during which the offense continues until and including the day on which the violation is rectified. Failure to pay within one (1) month from the imposition of the penalty and any additional fine imposed will result in the suspension of trading of the securities of the Issuer.

Offenses involving fraud or market manipulation, concealment, and other offenses specified in the SRC shall be referred to the Board for its appropriate action.

**SECTION 3. Penalty for Non-compliance with Listing Rules, Listing Agreement, and Terms and Conditions in the Notice of Approval** - The Exchange shall impose the following penalties on the Issuer and other persons responsible for the following offer-related violations:

| <b>VIOLATION</b>   | <b>PENALTY</b>   |
|--|--|
| Cancellation of the offer after commencement (for IPO and follow-on offering) or after end of trading on the | Fine equivalent to ½ of 1% of the total offer size, but in no case less than Thirty Five Million Pesos |

| VIOLATION  | PENALTY  |
|--|--|
| day immediately preceding the ex-date (for stock rights offering) for any reason other than force majeure          | (₱35,000,000.00) and suspension, if warranted in the reasonable determination of the Exchange.   |
| False statement, misrepresentation, or omission of material information in the submissions                         | <p>Withdrawal of the listing approval and/or a fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more than One Million Pesos (₱1,000,000.00) for every violation, at the discretion of the Exchange.</p> <p>Each material misrepresentation or omission shall constitute a separate and distinct violation.</p> |
| Non-compliance with the terms and conditions as indicated in the Implementing Guidelines of the Offer              | Same as the scale of penalties for Level 2 violation of unstructured disclosure requirements   |
| Disclosure of the final offer price and/or terms to the public prior to the posting of the relevant listing notice | 1st violation - written reprimand on Issuer and Issue Manager or any one performing a similar function.  |
| Failure to pre-clear the offer documents prior to finalization/execution   | 2nd and subsequent violation by the Issue Manager or any one performing a similar function (even if involving a different issuer) - same as penalties for Level 2 violation of unstructured disclosure requirements  |

Any of the following violations shall also make the Issuer and/or other persons responsible (e.g., underwriter), if applicable, liable for the following penalties:

| VIOLATION   | PENALTY   |
|---|---|
| For IPOs, follow-on offerings and stock rights offerings - failure to | Monetary penalty of One Million Pesos (₱1,000,000.00) and |



| VIOLATION  | PENALTY   |
|--|---|
| submit sworn secretary's certificate with the attached lodgment certificate within the prescribed period | rescheduling of listing date  |
| Non-compliance with the lodgment rule in other additional listing applications                           | Same as the scale of penalties for Level 2 violation of unstructured disclosure requirements  |
| Violation of lock-up rule  | Same as the scale of penalties for Level 2 violation of unstructured disclosure requirements  |
| All other violations of the Listing Rules, Listing Agreement, and conditions in the NOA                  | Fine of not less than Fifty Thousand Pesos (₱50,000.00) nor more than One Million Pesos (₱1,000,000.00) for every violation, at the discretion of the Exchange. |

**SECTION 4. Notice of Assessment of Fine and Penalty** - Listed companies found to have been in violation of the Consolidated Listing and Disclosure Rules shall be notified of the assessment of the appropriate fine and/or penalty within five (5) days from approval by the Exchange's Management of such assessment.

**SECTION 5. Publication of Penalties Assessed** - Listed companies against whom penalties are assessed by the Exchange as a result of a violation of the Listing and Disclosure Rules shall be announced by the Exchange within two (2) Trading Days from a final determination of the assessed fine and/or penalty. The same information shall be made available to Trading Participants of the Exchange in circular form.

**THE PHILIPPINE STOCK EXCHANGE, INC:**

*(Original Signed)*

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**RAMON S. MONZON**  
*President and CEO*

*(Original Signed)*

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**ROEL A. REFRAN**  
*Chief Operating Officer*