



MEMO FOR BROKERS

No. 248-2003

P h i l i p p i n e S t o c k E x c h a n g e , I n c .

<input type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't. Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Date : **October 2, 2003**
 Subject : **REVISED DISCLOSURE RULES, PENALTIES AND FINES AND IMPLEMENTING GUIDELINES ON ARTICLE XVI, SECTION 2 (f)**

Please be informed that the Securities and Exchange Commission, in its letters to the Exchange dated May 29, 2003, September 3, 2003 and September 17, 2003, approved the following:

1. Revised Disclosure Rules;
2. Penalties and Sanctions; and
3. Implementing Guidelines on Article XVI, Section 2 (f) of the Listings and Disclosure Rules

Attached is a copy of the aforementioned rules for your reference. A copy is likewise posted on the website of the Exchange at www.pse.com.ph. These shall take effect on **Friday, October 17, 2003**.

For your information and guidance.

(Original Signed)
JOSE G. CERVANTES
Senior Vice President

Finance / Admin / Membership Tel. No. 634-5112	Compliance & Surveillance Grp. Tel. No. 634-6903	Listings & Disclosure Grp. Tel. No. 636-0122	COO / Automated Trading Grp. Tel. No. 633-1311	Business Dev't Group Tel. No. 634-5089	CEO / Legal Tel. No. 637-8805
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ARTICLE ____

DISCLOSURE RULES

SECTION 1. BASIC PRINCIPLE: The basic principle of The Philippine Stock Exchange, Inc. ("PSE" or 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.

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 Securities Regulation Code and its Implementing Rules and Regulations. Accordingly, Issuers are required to furnish the Exchange copies of all reportorial requirements submitted to the Commission.

SECTION 4. UNSTRUCTURED CONTINUING DISCLOSURE REQUIREMENTS, PURPOSE: 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 trading of its securities.

SECTION 4.1. DISCLOSURE OF MATERIAL INFORMATION: In addition to the reportorial requirements under the Securities Regulation Code, 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 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.

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.

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 Rule does 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 rule.

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.

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 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;

DISCLOSURE RULES
THE PHILIPPINE STOCK EXCHANGE, INC.
September 2003

- 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;

DISCLOSURE RULES
THE PHILIPPINE STOCK EXCHANGE, INC.
September 2003

- 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 10% or more of the issued and outstanding shares of another listed company or where the total value of its holdings exceed 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; (2) resulting in its shareholding falling below 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 10% in the monthly, quarterly and annual revenues on a year-on-year basis.

SECTION 4.5 DUTY OF THE ISSUER TO CLARIFY NON-PUBLIC MATERIAL INFORMATION: 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.

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 (P30,000.00). Thereafter, the Issuer shall be fined the additional amount of Ten Thousand Pesos (P10,000.00) for every thirty 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 listed company, the trading of the securities of the listed company 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).

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 Securities and Exchange Commission and when appropriate, of the Rules of the Bangko Sentral ng

DISCLOSURE RULES
THE PHILIPPINE STOCK EXCHANGE, INC.
September 2003

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.

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.

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 (cross reference: Section 8 of the Continuing Listing Requirements).

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 Securities and Exchange 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 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:

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 (2) trading days after:

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

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 full trading days after the price sensitive information is disclosed.

SECTION 14. COMPANY AND ANALYST/INVESTORS BRIEFINGS: Issuer(s) must notify the Exchange of its company and analyst/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.

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.

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 105 days after the end of the fiscal year, or such other time as the Commission by rule shall prescribe; and
- b. **Three (3) Quarterly Reports,** within 45 days from end of the first three 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.
- 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 Securities Regulation Code.

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 board lot each. The report must be filed with the Exchange within five 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 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 for a period of Fifteen (15) calendar days. No earlier than the Tenth (10th) 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.

- (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 New 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 (5th) 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.
- (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 listed company 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.

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 Securities Regulation Code and its Implementing Rules and Regulations on the requirements applicable to the content of the Issuer's non-financial and financial statement portions of:

DISCLOSURE RULES
THE PHILIPPINE STOCK EXCHANGE, INC.
September 2003

- 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.

- 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 ONE HUNDRED 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 Top100 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.
- 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.

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.

THE PHILIPPINE STOCK EXCHANGE, INC:

(Original Signed)

JOSE G. CERVANTES

Senior Vice President

OIC, Listings and Disclosure Group

(Original Signed)

ZAYBER JOHN B. PROTACIO

General Counsel

SECURITIES AND EXCHANGE COMMISSION:

(Original Signed)

JOSE P. AQUINO

Director, Market Regulation Department

ARTICLE _____

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 as prescribed under Sections 17 to 17.15 of the Disclosure Rules, the following fines and penalties shall be accordingly imposed against the Listed Company:

Total Assets (Based on Latest FS)	Basic Fine	Per Day Penalty	Maximum Penalty Per Year/Per Violation
Less than P25.0 M	P5,000.00	P500/day of delay	P50,000.00
P25.0 M to Less than P30.0 M	P6,000.00	P600/day of delay	P60,000.00
P30.0 M to Less than P45.0 M	P7,000.00	P700/day of delay	P70,000.00
P45.0 M to Less than P50.0 M	P8,000.00	P800/day of delay	P80,000.00
P50.0 M to Less than P60.0 M	P9,000.00	P900/day of delay	P90,000.00
P60.0 M to Less than P80.0 M	P10,000.00	P1,000/day of delay	P100,000.00
P80.0 M to Less than P100.0 M	P12,000.00	P1,200/day of delay	P120,000.00
P100.0 M to Less than P150.0 M	P14,000.00	P1,400/day of delay	P140,000.00
P150.0 M to Less than P200.0 M	P16,000.00	P1,600/day of delay	P160,000.00
P200.0 M to Less than P250.0 M	P18,000.00	P1,800/day of delay	P180,000.00
P250.0 M to Less than P300.0 M	P20,000.00	P2,000/day of delay	P200,000.00
P300.0 M to Less than P350.0 M	P22,500.00	P2,250/day of delay	P225,000.00

PENALTIES AND FINES
THE PHILIPPINE STOCK EXCHANGE, INC.
SEPTEMBER 2003

Total Assets (Based on Latest FS)	Basic Fine	Per Day Penalty	Maximum Penalty Per Year/Per Violation
P350.0 M to Less than P400.0 M	P25,500.00	P2,550/day of delay	P250,000.00
P400.0 M to Less than P450.0 M	P27,500.00	P2,750/day of delay	P275,000.00
P450.0 M to Less than P500.0 M	P30,000.00	P3,000/day of delay	P300,000.00
P500.0 M to Less than P600.0 M	P33,000.00	P3,300/day of delay	P330,000.00
P600.0 M to Less than P700.0 M	P36,000.00	P3,600/day of delay	P360,000.00
P700.0 M to Less than P800.0 M	P39,000.00	P3,900/day of delay	P390,000.00
P800.0 M to Less than P900.0 M	P42,000.00	P4,200/day of delay	P420,000.00
P900.0 M to Less than P1.0 B	P45,000.00	P4,500/day of delay	P450,000.00
P1.0 B and above	P50,000.00	P5,000/day of delay	P500,000.00

SECTION 2. PENALTY FOR NON-COMPLIANCE WITH UNSTRUCTURED DISCLOSURE REQUIREMENTS: Any violation of the terms and conditions of the Listing Agreement and of any other provisions of these Rules committed within a twelve-month period shall make the Issuer liable for the following penalties:

First Violation	P50,000.00
Second Violation of a similar nature	P75,000.00
Third Violation	Suspension of trading the issue for a period of one (1) month
Fourth Violation	Ground for delisting

An additional fine of P1,000.00 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

PENALTIES AND FINES
THE PHILIPPINE STOCK EXCHANGE, INC.
SEPTEMBER 2003

and any additional fine imposed will result in the suspension of trading of the securities of the Listed Company.

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

SECTION 3. NOTICE OF ASSESSMENT OF FINE AND PENALTY: Listed companies found to have been in violation of the Listing and Disclosure Rules shall be notified of the assessment of the appropriate fine and/or penalty within five (5) days from approval of the Board of Directors of the Exchange of such assessment.

SECTION 4. 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)

JOSE G. CERVANTES

Senior Vice President

OIC, Listings and Disclosure Group

**PENALTIES AND FINES
THE PHILIPPINE STOCK EXCHANGE, INC.
SEPTEMBER 2003**

(Original Signed)

ZAYBER JOHN B. PROTACIO

General Counsel

SECURITIES AND EXCHANGE COMMISSION:

(Original Signed)

JOSE P. AQUINO

Director, Market Regulation Department

**IMPLEMENTING GUIDELINES ON ARTICLE XVI, SECTION 2, LETTER f OF
THE LISTING AND DISCLOSURE RULES OF THE EXCHANGE**

I. INTRODUCTION:

According to Article XVI, Section 2, Letter f of the Listings and Disclosure Rules of the Exchange, a listed company may be considered for delisting if its ***stockholders' equity becomes negative***. Thus, listed companies suffering from this financial condition, as reflected in its latest audited financial statements, must comply with the guidelines as provided hereunder.

These guidelines shall be implemented for audited financial statements beginning year 2002 and for all subsequent audited financial statements.

II. GUIDELINES:

1. A listed company that had submitted its audited financial statements ***prior to the effectivity of this implementing guideline*** must:

- (a) Within sixty (60) working days from receipt of notice from the Exchange, submit a plan detailing the activities it will undertake, together with its corresponding timetable, to bring its stockholders' equity from negative to positive;

The plan shall include a list of advisers the listed company intends to engage, including financial advisers, legal counsels, auditors, and underwriters, and their relation with the listed company, if any.

The Exchange shall inform its Trading Participants and the investing public of the listed companies required to comply with these guidelines.

- (b) Within one (1) year after submission to the Exchange of its detailed plan, secure the requisite approvals from government agencies and/or its shareholders, an approval in-principle from

its creditors, and implement the remaining activities outlined in its plan.

2. A listed company which will submit its audited financial statements ***after the effectivity of this implementing guideline***, must:

- (a) Within thirty (30) working days *from receipt of notice from the Exchange*, submit a plan detailing the activities it will undertake, together with its corresponding timetable, to bring its stockholders' equity from negative to positive;

The plan shall include a list of advisers the listed company intends to engage, including financial advisers, legal counsels, auditors, and underwriters, and their relation with the listed company, if any.

The Exchange shall inform its Trading Participants and the investing public of the list companies required to comply with these guidelines.

- (b) Within one (1) year after submission to the Exchange of its detailed plan, secure the requisite approvals, from government agencies and/or its shareholders, an approval in-principle from its creditors, and implement the remaining activities outlined in its plan.

3. The listed company must promptly disclose to the Exchange any amendments to its plan of activities as per item (a) of numbers 1 and 2 above.
4. The listed company must promptly disclose to the Exchange any approval it has obtained as per item (b) of numbers 1 and 2 above.
5. Any related party transaction entered into by the listed company in relation to its plan must be promptly disclosed to the Exchange. The disclosure should include, among others, the following:
- The date of the transaction;
 - The nature of the transaction and its essential elements;
 - The party(ies) to the transaction and its relationship, if any, to the major shareholders, directors or officers of the listed company;
 - The consideration for the transaction and its basis;
 - The rationale for entering into the transaction

This is, however, without prejudice to any rules of the Exchange that are applicable to related party transactions.

6. The listed company that fails to comply with any of the conditions set forth in either Item number 1 or 2 above must submit to the Exchange a written explanation of its failure to comply with the said requirement. The Exchange shall then evaluate the merits of its explanation. Should it decide to accept the explanation, the Exchange has the discretion to grant an extension of the deadline. However, should the Exchange decide not to accept the explanation, it shall notify the listed company in writing, citing the reasons for its decision after which the Exchange shall implement the procedure for delisting as per Article XVI, Section 3 of the Listings and Disclosure Rules.

Trading Participants and the investing public shall be notified of the explanation given by the listed company, and the corresponding decision of the Exchange.

III. EFFECTIVITY DATE:

This Implementing Guideline shall take effect fifteen days from circularization by the Exchange.

THE PHILIPPINE STOCK EXCHANGE, INC.:

(Original Signed)

JOSE G. CERVANTES
Senior Vice President
OIC, Listings and Disclosure Group

(Original Signed)

ZAYBER JOHN B. PROTACIO
General Counsel

SECURITIES AND EXCHANGE COMMISSION:

(Original Signed)

JOSE P. AQUINO

Director

Market Regulation Department