



MEMORANDUM

No.2010-0083

The Philippine Stock Exchange, Inc.

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|-------------------------------------|------------------|--------------------------|-------------------------|
| <input type="checkbox"/> | Trading Rules | <input type="checkbox"/> | Computer Systems Update |
| <input type="checkbox"/> | Membership Rules | <input type="checkbox"/> | Administrative Matters |
| <input checked="" type="checkbox"/> | Listing Rules | <input type="checkbox"/> | Others: |

TO : THE INVESTING PUBLIC AND MARKET PARTICIPANTS

DATE : FEBRUARY 23, 2010

SUBJECT : PROPOSED AMENDMENTS TO THE RULE ON MINIMUM PUBLIC OWNERSHIP

Please be informed that during the special meeting of the Board of Directors of the Exchange held on January 13, 2010, the Board approved the reinstatement and amendments to the rule on minimum public ownership under the continuing listing requirement of the Listing and Disclosure Rules.

The Exchange is inviting all concerned parties to submit their comments to the attached Amended Rule on Minimum Public Ownership. (Annex "A")

The proposed amendments are being made in view of the mandate of the Securities and Exchange Commission to reimpose the minimum public ownership requirement, liquidity issues in the local capital market, and in order to improve the prevailing market conditions.

Please send your comments to **csbayhon@pse.com.ph** not later than **March 15, 2010**.

Please be guided accordingly.

ROEL A. REFRAN
VP - General Counsel &
Concurrent Head, Issuer Regulation Division

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



ARTICLE ____

CONTINUING LISTING REQUIREMENTS

XXX

SECTION ____. **Minimum Public Ownership.** 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 from time to time.

- (a) A listed company shall 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.
- (b) 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.
- (c) Where in the reasonable opinion of the Exchange, there is a lack of genuine open market in the securities of a listed company (i.e. that the securities of a listed company may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public), the listed company shall forthwith, upon request by the Exchange, disclose that its securities may not have a genuine open market, and remind the public to exercise caution when dealing in its securities.
- (d) A listed company shall include in its annual report a statement on the level of its public float. The statement should be based on information that is publicly available to the listed company and within the knowledge of its directors as at the end of the fiscal year, or at the latest practicable date, prior to the issuance of the annual report.
- (e) Listed companies shall disclose within fifteen (15) trading days after the end of each quarter a quarterly public ownership.
- (f) If a listed company does not comply with the prescribed minimum percentage, the Exchange will allow the listed company a grace period of eighteen (18) months to comply.
- (g) If a listed company is not able to comply with the prescribed minimum percentage after the 18-month grace period, the Exchange shall charge additional Annual Listing



Maintenance Fees (ALMF)¹ calculated based on the percentage shortfall in the public float and the period of non-compliance, as follows:

Public Float Shortfall	No. of Years of Non-Compliance beyond the 18-Month Grace Period					
	1	2	3	4	5	6
Up to 5% or one half of the prescribed minimum	ALMF x 2.00	ALMF x 2.25	ALMF x 2.50	ALMF x 2.75	ALMF x 3.00	ALMF x 3.00 and Suspension
More than 5% or one half of the prescribed minimum	ALMF x 2.50	ALMF x 2.75	ALMF x 3.00	ALMF x 3.50	ALMF x 3.50 and Suspension	

- (h) If a listed company has a shortfall of less than or equal to one half of the prescribed minimum percentage and such non-compliance persists for more than five (5) years after the 18-month grace period, the Exchange shall impose a trading suspension on the listed company's securities and delisting procedures shall be initiated.
- (i) If a listed company has a shortfall of more than one half of the prescribed minimum percentage and such non-compliance persists for more than four (4) years after the 18-month grace period, the Exchange shall impose a trading suspension on the listed company's securities and delisting procedures shall be initiated.

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¹ The current ALMF structure is:

1/100 of 1% of market capitalization but in no case to be less than P250,000.00 nor more than P2,000,000.00 for each listed company.

However, the ALMF for companies listed under the SME Board is P100.00 for every P1million market capitalization, but in no case shall be less than P50,000.00 nor more than P250,000.00.

A sample computation of the additional ALMF charged to the non-compliant company:

Company A: Year 1 after grace period; market capitalization of P10 billion; public float of 8%.

ALMF	P2,000,000.00
Additional ALMF	ALMF x 2.50
ALMF charged to Company A	P5,000,000.00

Company A: Year 2 after grace period; market capitalization of P10 billion; public float of 5%.

ALMF	P2,000,000.00
Additional ALMF	ALMF x 2.25
ALMF charged to Company A	P4,500,000.00