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S.E.C. Registration Number

**E M P E R A D O R**  
**I N C .**

(Company's Full Name)

**7 / F 1 8 8 0 E A S T W O O D A V E N U E**  
**E A S T W O O D C I T Y C Y B E R P A R K**  
**1 8 8 E . R O D R I G U E Z J R . A V E .**  
**B A G U M B A Y A N Q U E Z O N C I T Y**

(Business Address: No. Street City/ Town/ Province)

**DINA D.R. INTING**

Contact Person

**8709-2038 to 41**

Company Telephone Number

**1 2 3 1**

Month Day  
Fiscal Year

**SEC FORM 17-C**

FORM TYPE

**Third Monday  
of May**

Month Day  
Annual Meeting

**Registration of  
Securities**

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_

File Number

\_\_\_\_\_

LCU

\_\_\_\_\_

Document I.D.

\_\_\_\_\_

Cashier

**STAMPS**

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **July 08, 2022**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **A200117595**
3. BIR Tax Identification No. **214-815-715-000**
4. **EMPERADOR INC.**  
Exact name of issuer as specified in its charter
5. **PHILIPPINES**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark**  
**188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City**  
Address of principal office **1110**  
Postal Code
8. **(632) 8709-2038 to 41**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Shares</b>	<b>15,736,471,238</b>
<b>Treasury Shares</b>	<b>505,919,938</b>

11. Indicate the item numbers reported herein: **Item 9(b)**

Emperador Inc. ("Emperador" or the "Company") – the leading global manufacturer, bottler and distributor of brandy, Scotch whisky and other alcoholic beverages– today announced that it expects the conditions set out in the eligibility-to-list letter ("ETL") from the SGX-ST to be satisfied and its shares (the "Shares") to be listed and commence trading on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on July 14, 2022 (Singapore Time) under the stock code "EMI". The outstanding ETL conditions include, among others, the release of an SGXNET announcement disclosing the latest share price of the Company on the Philippine Stock Exchange (the "PSE") and the Singapore dollar equivalent prior to the listing of the Company on SGX-ST.

On April 13, 2022, the Company announced that it received the ETL from the SGX-ST with regard to its proposed secondary listing of its Shares by way of introduction on the Main Board of the SGX-ST (the “Proposed Secondary Listing”). Please also refer to the disclosures made to the PSE on June 21, 2022 for further information on the Proposed Secondary Listing.

Mr. Winston Co, Group President and CEO of Emperador Inc. said, “The Secondary Listing of Emperador on the SGX is a key milestone in the development of our business as a leading international brandy and whisky company, reflecting our global reach and the strength of our world-class portfolio of brands. This will expand opportunities for participation by investors in Singapore and beyond as we continue to invest in our ambitious international expansion.”

At this time, the Company neither seeks to commence any fund-raising activity nor make a public offering of its Shares in Singapore or elsewhere, in relation to the contemplated secondary listing in SGX-ST. Upon listing on the SGX-ST, the Company will continue to maintain its primary listing on the PSE and the stock is anticipated to trade on both exchanges concurrently, making it the first PSE-primary listed company to conduct a secondary listing on the SGX-ST. Following PSE’s approval, the stock symbol of the Company has been changed to “EMI” on the PSE. Please refer to the section titled “Clearance and Settlement” of the introductory document dated 20 June 2022 (the “Introductory Document”) issued by the Company for further details on clearance and settlement of the Shares on the SGX-ST.

J.P. Morgan (S.E.A.) Limited and UBS AG, Singapore Branch are acting as joint managers for the Proposed Secondary Listing.

Investment banks have been mandated to explore ways to introduce liquidity to the Proposed Secondary Listing, subject to market conditions and satisfaction of the ETL conditions.

**This announcement is for information purposes only and is not to be construed as investment or financial advice, or advice to purchase any securities of the Company.**

**This document is not an offer of securities for sale in the United States, the Philippines, Singapore or elsewhere. The securities of the Company are not being registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration.**

**There will be no public offering of the securities of the Company in the United States, the Philippines, Singapore or elsewhere. No money, securities or other consideration is being solicited by this communication or the information contained herein and, if sent in response to this communication or the information contained herein, will not be accepted.**

#### **About Emperador Inc.**

Emperador Inc. (EMI) is a global whisky and brandy conglomerate headquartered in the Philippines with a deep portfolio of globally recognized, market-leading whisky and brandy brands distributed in over 100+ countries.

During the period from its founding in 1979 until 2013, Emperador became not only the biggest spirits company in the Philippines but more importantly the largest brandy company in the world. From 2014 to present, Emperador was firm in its resolve to start building a global portfolio with a clear brand focused

strategy. This is the transformative years where Emperador made international acquisitions such as the 5th largest Scotch whisky producer by capacity in the world, Whyte & Mackay, and the biggest and oldest brandy maker in Spain, Bodegas Fundador. It is also during this period where its vast portfolio was emerging as a fast-growing global disruptor in spirits in more than 100 countries.

Whyte and Mackay has over 175 years of heritage and five distilleries in the UK, it is home to an iconic range of luxury and premium single malt brands including The Dalmore, Jura, Fettercairn, and Tamnavulin. Driven by a strategic focus on reaching international markets, they have achieved market-leading positions and are among the fastest-growing single malt brands in the world.

Bodegas Fundador is Spain's biggest and oldest brandy maker. It has in its portfolio brands which are considered the platinum standard in brandy de Jerez such Fundador, Spain's biggest brandy, Terry Centenario, and the world's largest selling sherry wine, Harveys Bristol Cream. The Fundador Supremo line was recently voted as the Best Brandy in The World and continues to reap awards in international spirits competition.

Emperador Inc. is a publicly-listed company at the Philippine Stock Exchange and owns subsidiaries operating an integrated business of manufacturing, bottling, and distributing distilled spirits and other alcoholic beverages from the Philippines, Scotland, Spain, and Mexico. It is a subsidiary of Alliance Global Group, Inc., a publicly listed conglomerate in the Philippines with diversified investments in real estate development, food and beverage, quick-service restaurants, and tourism-entertainment and gaming business.

***Collection and payment of stock transaction tax ("STT") on the sale of shares of Emperador Inc. traded on the SGX-ST to the Philippines Bureau of Internal Revenue ("BIR")***

The trading of EMI's shares on the SGX-ST is subject to a STT of 0.6% of the gross selling price or gross value in money of the shares sold. The term gross selling price or gross value in money refers to the total amount of money or its equivalent which the purchaser pays the seller as consideration for the shares. STT is a final tax due on and payable by the seller of the shares, and is required to be collected by and paid to the Philippine tax authorities by the selling stockbroker on behalf of the seller. Failure by shareholders or Singapore brokers to pay or to remit STT payable to the BIR may result in a breach of law and/or contract.

The STT payable by a selling shareholder of EMI's shares traded on the SGX-ST will be collected and withheld by his Singapore broker on his behalf at the date of settlement of the trade. Singapore brokers may remit the collected STT to the BIR via BDO Securities Corporation, which has been appointed by EMI as the receiving and remitting agent, or may choose to remit the collected STT to the BIR via other avenues, such as through their Philippines affiliated brokers.

**Please refer to <https://www.emperadorbrandy.com/payment-of-stock-transaction-tax.html> as well as the Introductory Document for further details regarding the collection and payment of STT on the sale of shares of EMI traded on the SGX-ST to the BIR. The information in the Introductory Document is provided strictly for information only and should be read as of its date. The information is not and does not constitute or form part of, and is not made in connection with, any offer,**

invitation or recommendation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of any entity.

Prospective purchasers and holders of EMI's shares on the SGX-ST are advised to consult their own advisers concerning the tax, legal and other consequences of their purchasing, holding, disposing of or dealing in EMI's shares and to consult with their respective Singapore brokers in respect of the payment of STT and additional fees and charges (if any) that may apply in respect of the payment of STT to the BIR.

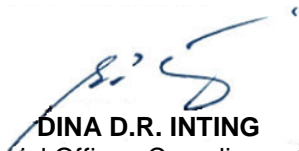
**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned duly authorized for the purpose.

**EMPERADOR INC.**

**08 July 2022**

By:

A handwritten signature in blue ink, appearing to read 'Dina D.R. Inting', is written over the printed name.

**DINA D.R. INTING**

Chief Financial Officer, Compliance Officer and  
Corporate Information Officer

## **CLEARANCE AND SETTLEMENT**

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares.

CDP, a wholly owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

Our listing on the SGX-ST is a secondary listing. We are and will continue to remain listed on the PSE, where we maintain our primary listing.

### **TRADING, SETTLEMENT AND REGISTRATION OF SHARES**

Upon listing and quotation on the SGX-ST, our Shares will be traded on the PSE and the SGX-ST. The principal register of Shareholders will be maintained in the Philippines. The transfers of our Shares between the Philippines and the SGX-ST will be carried out on a scripless basis. The procedures for the transfers into the CDP system to facilitate trading on the SGX-ST and the transfers out of the CDP system to facilitate trading on the PSE are set out in the following paragraphs.

### **CLEARANCE AND SETTLEMENT ON THE SGX-ST**

Upon listing and quotation on the SGX-ST, Shares that are traded on the SGX-ST will be cleared and settled under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

The Shares that are traded on the SGX-ST will be scripless shares held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Under Philippine law, the PCD Nominee, which holds legal title to our Shares, is regarded as our Shareholder in respect of the Shares which are listed and traded on the SGX-ST, rather than CDP or CDP Depositors and Depository Agents in the Depository Register maintained by CDP. See *“Clearance and Settlement—Voting Instructions for Shares Held Through CDP”* for more information about how investors who hold Shares through CDP are treated under Philippine law. All Shares deposited with CDP, for purposes of determining our foreign shareholding levels, will be regarded as being held by CDP, a non-Filipino entity.

### **CLEARING FEES ON THE SGX-ST**

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the prevailing rate of 0.0325% of contract value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

### **VOTING INSTRUCTIONS FOR SHARES HELD THROUGH CDP**

Investors who trade Shares listed on the SGX-ST would hold their Shares through the CDP system. Investors holding Shares through the CDP system may only exercise the voting rights for the deposited Shares through the submission of Voting Instruction Form or Form of Proxy to CDP and in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

A shareholder of a company with a primary listing on the SGX-ST would normally be entitled to attend and vote at a general meeting of shareholders if his name appears on the Depository Register maintained by CDP prior to the prescribed cut off timings. However, this entitlement will not apply to our Shareholders as we are a company incorporated in the Philippines and governed by Philippine law and our primary listing is on the PSE.

In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Pursuant to Section 62 of the Philippine Revised Corporation Code, PCD Nominee will be the only holder on record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. Please see "*—Dealing of Shares on the PSE—Scriptless Trading on the PSE*" for further details on the operation of the book-entry settlement system in the PDTC. Accordingly, the investors of any Shares held through the Philippines Custodian will not be able to attend such shareholders' meeting in their own names. The Philippines Custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Philippines Custodian, through the Singapore Custodian, to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. The operation of a CDP Securities Account is subject to the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. For additional information regarding the voting rights of our Shareholders, see "*Description of Share Capital—Rights Relating to the Shares—Voting Rights*".

Under Philippine law, only persons or entities recognised as a Shareholder will be legally entitled to attend general meetings of our Company and to vote on any matter submitted to the vote of our Shareholders at a general meeting of Shareholders. Accordingly, investors who hold Shares through the CDP system will not be able to attend such Shareholders' meetings in their own names. Nevertheless, the PCD Nominee, as Shareholder under Philippine law and our By-laws, is entitled to appoint proxies and thus may accord such voting rights to CDP Depositors, who are the beneficial owners of the Shares, by executing instruments of proxies in order to give such investors the rights to attend and vote at such Shareholders' meetings. This right to appoint proxies to vote at general meetings is provided in our By-laws. CDP has made arrangements for the Philippines Custodian, through the Singapore Custodian, to split the votes of Shares held through the CDP system and to appoint the CDP Depositors as proxies in accordance with Philippine law and our Articles of Incorporation.

CDP Depositors who are not individuals can only be represented at a general meeting of our Company if their nominees are appointed by the Philippines Custodian, through the Singapore Custodian, as proxies. CDP Depositors who are unable to personally attend general meetings of our Company may enable their nominees to attend as proxies of the Philippines Custodian or forward their completed forms to CDP or our Singapore Share Transfer Agent in good order before the prescribed cut-off timings.

CDP Depositors who desire to exercise their voting rights under their own names with regard to Shares that are credited to their Securities Account with CDP and held through the Philippines Custodian will be required to transfer their Shares out of the CDP system in Singapore into the PDTC system in the Philippines and have the shares uplifted from the PDTC at their own cost.

All documents issued by the Company to its Shareholders will also be dispatched by the Company to persons who are CDP Depositors, subject to compliance with all applicable rules and regulations. No share certificate will be issued to the CDP Depositors whose names appear in the Depository Register maintained by CDP and such CDP Depositors will not be deemed to be shareholders under Philippine law.

Our Company, through our Singapore Share Transfer Agent, will send notices of Shareholders' meetings and voting instruction forms to CDP Depositors by post. CDP Depositors must complete and return such voting instruction forms to CDP by the relevant deadline in order for their votes to be cast by the Philippines Custodian in accordance with such instructions.

### **TRANSFER OF SHARES INTO CDP IN SINGAPORE FOR TRADING ON THE SGX-ST**

Transfers of Shares for trading on the SGX-ST will only be carried out on a scripless basis. Shareholders whose Shares are not held through CDP and who wish to trade their Shares on the SGX-ST must first arrange to transfer their Shares into their own Singapore Securities Account with CDP. Such Singapore Securities Account can be held by the shareholder either directly with CDP or indirectly through Depository Agents in Singapore.

The following sets out the procedure for effecting such transfer of Shares:

- The shareholder shall contact his PDTC Participant, e.g. Philippines broker or bank in order to transfer his Shares to CDP's account with the Philippines Custodian.
- The shareholder shall contact CDP or his Singapore broker in the following manner:
  - (a) where the shareholder holds a direct Securities Account with CDP, the shareholder shall complete a "Request for Cross-Border Securities Transfer (Others)" form as prescribed by CDP, and submit the completed form together with the relevant payment to CDP directly or via his Singapore broker; or
  - (b) where the shareholder holds a securities sub-account with a Depository Agent, the Depository Agent shall complete and deliver the "Request for Cross-Border Securities Transfer (Others)" form to CDP.

Barring unforeseen circumstances, assuming that such transfer request is received by CDP by 9 a.m. (Singapore time) on a market day, if there are sufficient Shares for delivery and the transfer request is in order, CDP will typically credit the Shareholders' Singapore Securities Account by the end of the following market day after CDP receive such transfer request, subject always to the prevailing process and rules of cross border transfer of Shares between Singapore and the Philippines.

Our Company will comply with the foreign shareholding limit set out in R.A. No. 7042 by way of an undertaking by AGI dated 3 June 2022 to hold at least 66.67% of the Shares. AGI held 84.57% of our Shares as of 31 March 2022. See "*Philippine Foreign Exchange and Foreign Ownership Controls—Foreign Ownership Controls*". Furthermore, it is not necessary for Philippines brokers to determine whether the shares are to be considered as foreign shares for the purposes of determining if the foreign shareholding limit would be breached as we will consider all the SGX listed shares as foreign.

### **DEALING OF SHARES ON THE SGX-ST**

Dealings in the Shares will be carried out in Singapore Dollars and will be effected for settlement in CDP on a scripless basis. Settlement of dealings through the CDP system may be effected only by Depository Agents or Shareholders who have their own direct Securities Accounts with CDP, and shall be made in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities, as amended from time to time.



All direct Securities Account holders must deal directly with member companies of the SGX-ST. Shareholders without direct Securities Accounts with CDP are advised to deal with brokers that maintain sub-accounts with Depository Agents.

CDP holds securities on behalf of CDP Depositors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after the transaction date (“**T+3**”). The deadline for settlement of trades is 12 noon (Philippines time) of T+3. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the second Market Day following the transaction date (“**T+2**”), and payment for the securities is generally settled on the following business day. Investors who trade our Shares on the SGX-ST should therefore note that there is a shorter settlement time for our Shares compared to the settlement time for Shares traded on the PSE.

In addition, Shareholders should ensure that the Shares to be dealt in and traded on the SGX-ST are credited to their own direct Securities Account with CDP or their brokers’ sub-account with a Depository Agent before dealing in the Shares.

## **REMOVAL OF SHARES OUT OF CDP IN SINGAPORE FOR TRADING ON THE PSE**

Transfers of Shares for trading on the PSE will only be carried out on a scripless basis.

A shareholder whose Shares are held through CDP and wishes to trade his Shares on the PSE must first arrange to transfer his Shares into his Securities Account opened with his PDTC Participant.

The following sets out the procedure for effecting such transfer of Shares:

- The shareholder shall contact his Singapore broker or CDP in the following manner:
  - (a) where the shareholder holds a direct Securities Account with CDP, the shareholder shall complete a “Request for Cross-Border Securities Transfer (Others)” form as prescribed by CDP and submit the completed form together with the relevant supporting documents and fees to CDP directly or via his Singapore broker; or
  - (b) where the shareholder holds a securities sub-account with a Depository Agent, the Depository Agent shall complete and deliver the “Request for Cross-Border Securities Transfer (Others)” form and supporting documents to CDP.
- The shareholder shall contact his PDTC Participant in order to prepare the PDTC Participant for receiving Shares from CDP’s account with the Philippines Custodian.

Barring unforeseen circumstances, assuming that such transfer request is received by CDP by 9 a.m. (Singapore time) on a market day, if there are sufficient Shares for delivery and the transfer request is in order, CDP will instruct for the transfer out of the Shares from CDP’s account with the Philippines Custodian to the shareholder’s securities account opened with his PDTC Participant for delivery typically by the end of the following market day after CDP receives such transfer request, subject always to (a) the prevailing process and rules of cross border transfer of Shares between Singapore and the Philippines and (b) the services of the shareholder’s PDTC Participant and PDTC. Shareholders are advised to follow up with their PDTC Participant on receipt of such Shares.

## DEALING OF SHARES ON THE PSE

### BRIEF HISTORY OF THE PHILIPPINE STOCK MARKET

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organised in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licences of the two exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the PSEC granted Self-Regulatory Organisation status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On 8 August 2001, the PSE completed its demutualisation, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorised capital stock of ₱120,000,000.00. As of 31 March 2022, the PSE has 85,090,163 issued and outstanding shares, of which 3,513,952 are treasury shares, resulting in 81,576,211 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualisation, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging ("**SME**") Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company's articles of incorporation of the Company. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the PSEi (previously "**PHISIX**"), which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalisation to free float market capitalisation effective 3 April 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On 26 July 2010, the PSE launched a new trading system, PSE Trade.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE Electronic Disclosure Generation Technology

(“**EDGE**”). The PSE EDGE, a new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors, with a variety of features to (i) further standardise the disclosure reporting process of listed companies on the PSE, (ii) improve investors’ disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalisation-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalisation of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalisation criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilises NASDAQ’s X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the PSEC to introduce short selling in the equities market.

The PSE also launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognised corporate governance codes and best practices.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City.

The table below sets out movements in the composite index as of the last business day of each calendar year from 2001 to 2021 and shows the number of listed companies, market capitalisation, and value of shares traded for the same period:

<b>Year</b>	<b>Composite Index at Closing</b>	<b>Number of Listed Companies</b>	<b>Aggregate Market Capitalisation</b>	<b>Combined Value of Turnover</b>
			<b>(in ₱ billions)</b>	<b>(in ₱ billions)</b>
2001 . . . . .	1,168.1	231	2,141.4	159.6
2002 . . . . .	1,018.4	234	2,083.2	159.7
2003 . . . . .	1,442.4	236	2,973.8	145.4
2004 . . . . .	1,822.8	235	4,766.3	206.6
2005 . . . . .	2,096.0	237	5,948.4	383.5
2006 . . . . .	2,982.5	239	7,173.2	572.6
2007 . . . . .	3,621.6	244	7,977.6	1,338.3
2008 . . . . .	1,872.9	246	4,069.2	763.9

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalisation  (in ₱ billions)	Combined Value of Turnover  (in ₱ billions)
2009 .....	3,052.7	248	6,029.1	994.2
2010 .....	4,201.1	253	8,866.1	1,207.4
2011 .....	4,372.0	245	8,697.0	1,422.6
2012 .....	5,812.7	254	10,952.7	1,771.7
2013 .....	5,889.8	257	11,931.3	2,546.2
2014 .....	7,230.6	263	14,251.7	2,130.1
2015 .....	6,952.1	265	13,465.1	2,172.5
2016 .....	6,840.6	265	14,438.8	1,929.5
2017 .....	8,558.4	267	17,583.1	1,958.4
2018 .....	7,466.0	267	16,146.7	1,736.8
2019 .....	7,815.3	271	16,710.0	1,770.0
2020 .....	7,139.7	271	15,890.0	1,770.0
2021 .....	7,122.6	276	18,081.1	2,232.5

*Source: Philippine Stock Exchange, Inc. and PSE Annual Reports*

## TRADING ON THE PSE

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Generally, equities trading on the PSE starts at 9:00 a.m. until 12 p.m., when there will be a one-and-a-half-hour lunch break. In the afternoon, trading resumes at 1:00 p.m. and ends at 3:00 p.m., with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading Days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed and such other days as may be declared by the PSEC or the PSE, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the corporation or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the subject corporation fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the subject corporation is disseminated, subject again to the trading ban.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- (i) In the case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the Revised Trading Rules (i.e. 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- (ii) In the case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e. 20% for security cluster A and newly-listed securities; 15% for security cluster B; and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

### **NON-RESIDENT TRANSACTIONS ON THE PSE**

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated. See "*Philippine Foreign Exchange and Foreign Ownership Controls—Registration of Foreign Investments and Exchange Controls*" for further details.

### **SETTLEMENT OF TRADES ON THE PSE**

The SCCP is a wholly owned Subsidiary of the PSE, and was organised primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent licence to operate on 17 January 2002. It is responsible for:

- (i) synchronising the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions of clearing members, who are also PSE trading participants;
- (ii) guaranteeing the settlement of trades in the event of a PSE trading participant's default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund; and
- (iii) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after the transaction date ("**T+3**"). The deadline for settlement of trades is 12 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc. ("**BDO**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank and Trust Company ("**Metrobank**"), Deutsche Bank ("**DB**"), The Hong Kong Shanghai Banking Corporation Limited ("**HSBC**"), Unionbank of the Philippines ("**Unionbank**"), and Maybank Philippines Inc. ("**Maybank Philippines**"), Asia United Bank Corporation, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its CCCS system on 29 May 2006. CCCS employs multilateral netting, whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

## **SCRIPLESS TRADING ON THE PSE**

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organised to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional licence by the PSEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgement (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders’ meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO, RCBC, Metrobank, DB, HSBC, Unionbank, and Maybank Philippines.

In order to benefit from the book-entry system, securities must be immobilised in the PDTC system through a process called lodgement. Lodgement is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favour of the PCD Nominee, a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. “Immobilisation” is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilised shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation’s registry. This trust arrangement between the participants and the PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the PSEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognised by the PDTC as the beneficial owners of the lodged equity securities. Shareholders holding shares through a participant are not recognised by PDTC as beneficial owners of the lodged equity securities, and they only have beneficial ownership to the shares pursuant to the contractual arrangements entered into between such shareholders and the participants. Thus, each shareholder holding shares through his participant, will be the beneficial owner to the extent of the number of shares held by such shareholder in the records of the participant. All lodgements, trades, and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant’s aggregate holdings, in the PDTC system, and with respect to each beneficial owner’s holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

In connection with our Company’s listing on the Main Board of the SGX-ST, CDP has appointed the Singapore Custodian to hold Shares which are listed and traded on the SGX-ST for CDP Depositors via an omnibus account held by the Philippines Custodian. Accordingly, the Philippines Custodian is recognised by PDTC as the beneficial owner of the lodged equity securities.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry is in the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilised, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of the PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities are directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

#### **AMENDED RULE ON LODGEMENT OF SECURITIES WITH THE PSE**

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that, commencing on 1 July 2009, 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 PDTC or any other entity duly authorised by the PSEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the PSE Revised Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of 1 July 2009, the usual procedure will be observed but the transfer agent of the corporation shall no longer issue a certificate to the PCD Nominee but shall issue a registry confirmation advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- For an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of the PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a registry confirmation advice to the PDTC evidencing the total number of shares registered in the name of the PCD Nominee in the listed company's registry as of the confirmation date.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorised by the PSE.

For listing applications, the amended rule on lodgement of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorised by the PSE 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.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

*“For new companies to be listed at the PSE as of 1 July 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.”*

*“On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Company’s registry as a confirmation date.”*

## **ISSUANCE OF STOCK CERTIFICATES FOR CERTIFICATED SHARES**

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with the PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company’s transfer agent.



## **AMENDED RULE ON MINIMUM PUBLIC OWNERSHIP**

On 1 December 2017, the PSEC issued SEC Memorandum Circular No. 13, Series of 2017 (“**SEC MC 13-2017**”) on the rules and regulations on MPO on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with the intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies’ issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) the PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e. shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to: (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the PSEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the PSEC, within ten days from knowledge that its MPO has become deficient, a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from the date of such decline. Listed companies are also required to submit to the PSEC a public ownership report and progress report on any such submitted business plan within 15 days after the end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly-listed companies to administrative sanctions, including suspension and revocation of their registration with the PSEC.

On 4 August 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

<b>Market Capitalisation</b>	<b>Minimum Public Offer</b>
Not exceeding ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least a 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.