

**INTER-OFFICE
MEMORANDUM**

TO : **RSBA, CTDI and BDP EMPLOYEES**

FROM : **QUALITY ASSURANCE UNIT**

CC : RSB, RAD, PGP, PRDG, MGG, ADB, GJM, RASB, RGA, CPG, MGS, MCRA

DATE : AUGUST 12, 2015

SUBJECT : **2015 SRC RULES**

On August 7, 2015, SEC posted a press release regarding the approval of “2015 Implementing Rules and Regulations of the Securities Regulation Code” or “2015 SRC Rules”. The following are the significant features of the rules:

- **Shelf registration**
 - Securities to be issued in may be registered for an offering to be made on a continuous or delayed basis for a period not exceeding three (3) years

- **Commercial paper**
 - Defined as evidence of indebtedness of any person with a maturity of three hundred and sixty-five (365) days or less
 - Ceased using the terms of long term commercial paper and short term commercial paper
 - Selling commercial papers is made easier with the requirement of an issuer rating instead a separate rating for each issuance

- **A new category of exempt security is introduced**
 - Involves securities issued or guaranteed by multilateral financial entities (MFEs) established through a treaty or binding agreement to which the Philippines is a party

- **Public offerings which have a limited character**
 - Such offerings shall be exempt as long as the covered securities are available only to the parties or persons named in the application for exemption for a specified period

- **Underwriters**
 - No longer required to underwrite securities solely on a firm commitment basis
 - Can agree on a different plan of distribution with the issuing company subject to the approval of the SEC
 - Generally, issuers of registered securities (except issuers of proprietary/ non-proprietary membership certificates) are required to enter into an underwriting agreement with an investment bank or investment house

- **Extension of the period to sell securities**
 - Extended from two (2) days to ten (10) business days from the date of the effectivity of the registration statement

- **Relaxed requirements for qualified buyers**
 - Financial capacity of individuals to qualify as qualified buyer has been reduced from Php25 million to Php10 million annual gross income

- Any verifiable document may be submitted to prove financial capacity (Income tax return is optional)
- **Tender offer**
 - Provides two levels of action depending on the threshold triggered:
 - Disclosure action
 - Mandatory tender offer action
 - Provides set of guidelines in the conduct of valuation and issuance of fairness opinion
 - Extends the effectivity of financial statements from one hundred thirty five (135) to one hundred eighty (180) days to align with the ASEAN standard as part of ASEAN market integration

Amended SRC Rule 68 shall be released separately at a later date.

These amendments shall take effect fifteen (15) days after the date of the last publication in two (2) newspapers of general circulation.

For your reference and guidance.

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