AMENDMENTS TO RULE 34.1 AND RULE 38 OF THE IMPLEMENTING RULES AND REGULATIONS OF THE SECURITIES REGULATION CODE (SRC)

Read online (full-text search, related cases, audio case brief): https://batas.org/library/56a423e0672d/

The Commission, in its SEC-EXS Resolution No. 104, Series of 2004, dated 31 August 2004, amended paragraph (1) A(1)(b) of SRC Rule 34.1. The amended paragraph reads as follows:

> SRC Rule 34.1 - Segregation and Limitation of Functions of Members, Brokers and Dealers
>
> [formerly SRC Rules 34.1-2 and 34.1-3)

"1. Segregation of Broker and Dealer Function. Affiliations and Practices.

> A. x x x x x x x x x
> 1. x x x x x x x x x:
>
> a. x x x x x x x x x;
> b. When the Member-Broker holds an unexecuted customer's Order with priority (pre-existing order), then any Broker's Order that takes precedence over the pre-existing order shall better the pre-existing highest bid or lowest offer from a customer by at least one (1) fluctuation or such other number of fluctuations that the Commission, by Order, may set from time to time.
> x x x x x x x x x"

Furthermore, the Commission, in its SEC-EXS Resolution No. 88, Series of 2004, dated 10 August 2004 and Resolution No. 537, Series of 2004, dated 7 October 2004, resolved to amend paragraphs 2(E) and 2(F) of SRC Rule 38. The amended paragraphs read as follows:

> SRC Rule 38 - Requirements on Nomination and Election of Independent Directors
>
> (formerly, SRC Rule 38.1 - Definition of "Independent Director")

"1.

x x x x x x x x x

"2. x x x x x x x x x

x x x x x x x x x

E.

Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

F.

Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or

x x x x x x x x x"

These amendments shall take effect fifteen (15) days from their publication in a newspaper of general circulation in the Philippines.

Adopted: 21 Oct. 2004

For the Commission:

(SGD.) FE B. BARIN
Chairman

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.