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AMENDMENTS TO: (1) AMENDED RULES GOVERNING PRE-EMPTIVE AND OTHER SUBSCRIPTION RIGHTS AND DECLARATION OF STOCK AND CASH DIVIDENDS (2) RSA RULE 37 (A) – 8 ORDER TICKET RULE(3) RSA...

SEC-BED MEMORANDUM CIRCULAR NO. 05 AMENDMENTS TO: (1) AMENDED RULES GOVERNING PRE-EMPTIVE AND OTHER SUBSCRIPTION RIGHTS AND DECLARATION OF STOCK AND CASH DIVIDENDS (2) RSA RULE 37 (A) - 8 ORDER TIC, November 27, 1997

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Finding merit on the recommendations of all concerned after having gone through the process of consultation, the Commission En Banc at its Executive Session held on November 18, 1997, approved the amendments to the following Rules of the Commission:
(1) Amended Rules Governing Pre-emptive and other Subscription Right and Declaration of Stock or Cash Dividends:

Section 6 of the Amended Rules Governing Pre-emptive and other Subscription Rights is amended to read as follows:

For the corporations the shares of which have been lodged with the Philippine Central Depository (PCD), all stock dividends and all cash dividends shall be remitted to PCD for immediate distribution to its Participants no later than eighteen (18) trading days from record date (the "Payment Date") provided, that in case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends listing date.

If the stock dividends shall come from an increase in capital stock, all stocks shall be credited to PCD for immediate distribution of its Participants no later than twenty (20) trading days from date of approval by the Commission of the registration which in no case shall be later than the stock dividend listing date.
2. RSA Rule 37(a)-8 — Order Ticket Rule:

To make the rule conform with the actual practice on the trading floor of the Exchange due to the advanced technology, the Order Ticket Rule is hereby amended as follows:

(a) Every order received by a broker/dealer or any other associated person or salesman of a broker/dealer to buy or sell securities for customers shall be entered on an order form. Each buying or selling order form shall be time stamped by the broker/dealer or any other associated person or salesman of a broker/dealer or any person acting on his behalf upon receipt of the customer's order and upon transmission to the trading floor, if necessary. Time recording of subsequent action on an order, whether for amendment, cancellation or actual matching thereof, shall be captured by the computerized trading system of the Exchange. Any such information shall be printed and made available for legal and/or audit purposes.

3. RSA Rule 24(a)01 - Net Capital Rule

The following provisions of the Net Capital Rule are hereby amended as follows:

Minimum Requirement

(b) A broker or dealer shall maintain adjusted net capital of not less than FIVE MILLION (P5,000,000.00) PESOS.

Notification Provisions

(f) Every broker or dealer shall notify the Commission within twenty four (24) hours after the occurrence of any of the following events:

(1) The broker or dealer's computation shows that its Aggregate Indebtedness is in excess of 1,700 percent of its adjusted net capital;

(2) The broker or dealer's computation shows that its total adjusted net capital is less than one hundred twenty percent (120%) of the required minimum net capital;

(3) The broker or dealer has failed to make or keep current its books and records in accordance with RSA Rule 37(a)-1. The notice shall specify the books and records which are not current. Within forty eight (48) hours of such notice, the broker or dealer shall report to the Commission what it has done or is doing to bring its books and records into compliance with Rule 37 (a)-1.

TRANSITION

The provision of this Rule including subparagraph (d) (2) (F) (i), (ii), (iii) and (iv) are already effective considering that the application of the full amount of the deductions required by subparagraph (d) (2) (F) has already commenced on August 15, 1997.

EFFECTIVITY

These amended portions of the subject rules shall take effect fifteen (15) days after their publication in two (2) newspapers of general circulation in the Philippines.

Adopted: 27 Nov. 1997

(SGD.) PERFECTO R. YASAY, JR.
Chairman

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