

AN ACT TO AMEND COMMONWEALTH ACT NUMBERED EIGHTY-THREE KNOWN AS SECURITIES ACT, BY INSERTING SECTION TWENTY-ONE-A, AND AMENDING SECTION TWENTY-EIGHT THEREOF.

Commonwealth Act No. 283, June 03, 1938

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Be it enacted by the National Assembly of the Philippines:

SECTION 1. Section twenty-one-A is hereby inserted between sections twenty-one and twenty-two of Commonwealth Act Numbered Eighty-three to read as follows:

"SEC. 21-A. Artificial measures of price control.—It shall be unlawful for any securities exchange to adopt and enforce artificial measures of price control of any nature whatsoever without the prior approval of the Commission, which may be given only if it benefits the investors."

SEC. 2. Section twenty-eight of Commonwealth Act Numbered Eighty-three is amended so as to read as follows:

"SEC. 28. Powers with respect to exchanges and securities.—(a) The Commission is authorized, if in its opinion such action is necessary or appropriate for the protection of investors:

"(1) After appropriate notice and opportunity for hearing, by order, to suspend for a period not exceeding twelve months or to withdraw the registration of a securities exchange, if the Commission finds that such exchange has willfully violated any provision of this Act or of the rules and regulations thereunder, or has willfully failed to enforce, so far as is within its power, compliance therewith by a member or by an issuer of a security registered thereon.

"(2) After appropriate notice and opportunity for hearing, by order, to suspend for a period not exceeding twelve months or to expel from a securities exchange any member or officer thereof whom the Commission finds has willfully violated any provision of this Act or the rules and regulations thereunder, or has effected any transaction for any person who, he has reason to believe, is violating in respect of such transaction any provision of this Act or the rules and regulations thereunder.

"(3) And if in its opinion the public interest so requires, summarily to suspend trading in any registered security on any securities exchange for a period not exceeding ten days or, with the approval of the President, summarily to suspend all trading on any securities exchange for a period not exceeding ninety days.

"(4) The Commission is authorized, if after making appropriate request in writing to a securities exchange that such exchange effect on its own behalf specified changes in its rules and practices and, after appropriate notice and opportunity for hearing, the Commission determines that such exchange has not made the changes so requested, and that such changes are necessary or appropriate for the protection of investors or to insure fair dealing in securities traded in upon such exchange or to insure fair administration of such exchange, by rules or regulations or by order, to alter or supplement the rules of such exchange (in so far as necessary or appropriate to effect such changes) in respect of such matters as:

"(1) Safeguards in respect of the financial responsibility of members and adequate provision against the

evasion of financial responsibility through the use of corporate forms or special partnerships;

"(2) The limitation or prohibition of the registration or trading in any security within a specified period after the issuance or primary distribution thereof;

"(3) The listing or striking from listing of any security;

"(4) Hours of trading;

"(5) The manner, method, and place of soliciting business;

"(6) Fictitious accounts;

"(7) The time and method of making settlements, payments, and deliveries, and of closing accounts;

"(8) The reporting of transactions on the exchange and upon tickers maintained by or with the consent of the exchange, including the method of reporting short sales, stopped sales, sales of securities of issuers in default, bankruptcy or receivership, and sales involving other special circumstances;

"(9) The fixing of reasonable rates of commission, interests, listing, and other charges;

"(10) Minimum units of trading;

"(11) Odd-lot purchases and sales; and

"(12) Minimum deposits on margin accounts.

"(c) Wherever two or more exchanges exist, the Commission, by order, shall require and enforce uniformity of trading regulations in and/or between said exchanges."

SEC. 3. This Act shall take effect upon its approval.

Approved, June 3, 1938.

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