

[SEC, July 24, 1996]

COMMISSION RELEASE ANNOUNCING ADOPTION OF FULL DISCLOSURE RULES

With this release the Securities and Exchange Commission ("Commission") announces the adoption of the full disclosure rules which establish an integrated disclosure system for registration statements and other reports which must be filed with the Commission and disseminated to investors.

This integrated disclosure system revolves around two core rules and numerous other related rules and forms which implement them. The core rules are RSA Rule 3-3, dealing with non financial aspects of filings, and RSA Rule 48, dealing with the financial aspects.

The Commission received a number of comment letters in response to publication of the rules for comment in April, 1996. These comments were helpful in suggesting modifications to make the rules less burdensome while at the same time preserving the Commission's objective of ensuring the availability of timely and accurate information for investors.

Several important changes have been included in the final rules. While it is the Commission's intention eventually to include all types of securities into the integrated disclosure system, it has decided that until the substantive rules governing certain securities have been reviewed, these securities should not be incorporated into the system. As a result, all references to long term and short term commercial paper, warrants, and asset backed securities have been removed from RSA Rule 3-3. For these securities, the Commission's current rules continue to apply.

The Commission has made significant changes to the first few pages of the prospectus in order to make it more readable and usable for investors. These simplified summary pages may be used by issuers and underwriters to publicize the offering and circulate information to potential investors.

In adopting these rules, the Commission is establishing a new process for the registration of any public offerings that will be listed on the Philippine Stock Exchange. The new requirements will result in the issuer filing its registration statement with the Commission while simultaneously filing an application with the Philippine Stock Exchange for listing. The Commission and the Exchange will review the filings simultaneously. Once the review of the registration statement is completed, and the Commission is satisfied with the disclosures, then the issuer will file its final amendment to the registration statement and the prospectus thereby setting the public offering price and the Commission will declare the registration effective.

Once the registration statement has been declared effective, the entire offering

must commence within two business days. It is expected that listing on the PSE will also occur within the same time period. If the issuer and its underwriters are not ready to commence the offering, the Commission will delay declaring the registration effective until such time as they are ready. However, in the intervening period, the company must keep the registration statement current. As a result of these new procedures, issuers and underwriters will be required to time the filing of the registration statement with the Commission much more carefully.

In adopting these full disclosure rules, the Commission emphasizes that the requirements set forth in these rules, including the filing of annual, quarterly and current reports and distribution of proxy statements, are only applicable to "public companies". These companies are defined in companies that are listed, and companies that have P50 million in assets and at least 200 shareholders each holding 100 shares.

Finally, the Commission wishes to alert interested persons to the list of rule rescissions which is included in this release. With the adopting of the full disclosure rules, the Commission is rescinding a large number of rules which have heretofore governed registration and filing requirements for registered issuers.

The Commission believes that the adoption integrated disclosure system and these implementing rules signals an important milestone in its continuing effort to modernize the operations of the Commission and the securities industry in the Philippines. The Commission believes that public companies should disclose fully information on all aspects of their operations so that knowledgeable investment decisions can be made by their stockholders and potential investors.

New
Rules* Adopted by the Commission

Rule 3- Requirements for Filings Pursuant to the RSA and the
3 Corporation Code of the Philippines

Rule 3- General Rules and Regulations for Filing of SEC Forms
4 with the SEC.

Rule 3-
5 Incorporation by Reference Requirements

Rule 8
(a)-1 Requirement to File Registration Statements

Rule Requirements to File Annual, Quarterly, Current,
11(a)-1 Predecessor and Successor Reports.

Rule Notification of Inability to Timely File All or Any Required
11(a)-2 Portion of an SEC Form 11-A or Form 11-Q

Rule
34(a)-1 The Proxy Rule

Rule
34(b)-1 Distribution of Proxies by Broker or Dealer