

## NOTICE

The Commission is soliciting comments from market participants and the public on the proposed **Rules on the implementation of Section 10.1(l)(vi) of the Securities Regulation Code pertaining to Qualified Buyers.**

It is suggested that the comments shall refer to specific section of the draft Rules and a proposal shall be in a rule form with justification.

Please submit your written comments to Director Justina F. Callangan, Corporation Finance Department, 6th Floor, SEC Building, EDSA, Greenhills, Mandaluyong City, **not later than August 31, 2007.** You may also submit your comments electronically through this e-mail address: [justina.callangan@sec.gov.ph](mailto:justina.callangan@sec.gov.ph).

We anticipate you shall take full advantage of this opportunity to express your views.

### **PROPOSED RULES ON QUALIFIED BUYERS**

For purposes of Section 10.1(l)(vi) of the Securities Regulation Code, a qualified individual buyer shall be a natural person who, at the time of registration with an appropriate registry, shall possess the following qualifications:

- 1) Has a total portfolio investment in securities registered with the Securities and Exchange Commission of at least Ten Million Pesos (PhP10,000,000.00), **OR** has a personal net worth of not less than Thirty Million Pesos (PhP30,000,000.00); **AND**
- 2) Has been engaged in securities trading for his own account for a minimum period of two years, **OR** has held for at least two years a position of responsibility in any professional business entity that requires knowledge or expertise in securities trading, such as, legal consultant, financial adviser, sales person, or associated person of a broker-dealer.

If the buyer is a juridical person, it shall possess any of the following qualifications at the time of registration an appropriate registry:

- 1) Has a total portfolio investment in securities registered with the Securities and Exchange Commission of at least Sixty Million Pesos (P60,000,000.00); or
- 2) A net worth of not less than One Hundred Million Pesos (P100,000,000.00).

Financial institutions shall cautiously screen potential purchasers/investors in such a way as to assure that they have the knowledge and experience in financial and business matters with investment sophistication and have considerable networth or large annual income. The offer or sale of securities must not employ general solicitation or advertising but thru personal invitations. The transaction documents shall state that the purchasers/investors have read and understood the investments offered and have evaluated the risks and merits of the investment offering.

Prospective buyers/investors shall be furnished with the prospectus/brochures and/or other information relative to investment offerings. The prospectus/brochures given shall give full disclosure and adequate information of the nature of the securities/investments/products, in a clear and understandable language, to enable the purchasers/investors to properly evaluate the risks and merits of the proposed offering or investments.

A Buyer registering as a "qualified individual/institutional buyer" shall submit under oath certified copies of the documents that will prove his/its qualifications to the Philippine Stock Exchange, PDEX, Banks, Investment Houses, Fund Managers, Broker-Dealers, as registrar and an accomplished Information Statement containing the following information:

- (1) total portfolio of securities;
- (2) net worth;
- (3) knowledge and experience in financial and business matters, such that:
  - a) the individual must have been engaged in the trading of securities for at least two (2) years; or
  - (b) he must have held for at least two years, an executive position, or any other professional position such as financial advisor, salesman, associate and other similar positions requiring knowledge of investments in securities;and
- (4) appetite for risk (low, medium, high risk).

Registration shall be made on a one-time basis only, unless there is a material / significant change/s to be made therein, and shall be with the appropriate registry. Said registry shall at all times be open for inspection by the Securities and Exchange Commission. No securities shall be assigned, transferred or sold by any qualified buyer to non-qualified investors.

**QUALIFIED INSTITUTIONAL BUYERS' INFORMATION SHEET (QIBIS)**

Name: \_\_\_\_\_

Principal Office \_\_\_\_\_

SEC Registration No. \_\_\_\_\_ Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_ E-mail Address: \_\_\_\_\_

1. Years of Existence: \_\_\_\_\_

2. Key objective/s for the investment being considered:

\_\_\_ To safeguard capital/amount invested

\_\_\_ To receive income by liquidating shares regularly

\_\_\_ To achieve a balance between income and capital growth

\_\_\_ To achieve capital appreciation or growth despite the potential to incur loss in pursuit of significant gains

\_\_\_ Others (please specify) \_\_\_\_\_

3. Bulk of current portfolio investment:

\_\_\_ Savings/Time Deposit, Insurance and Pre-Need products

\_\_\_ Government Securities (Treasury Bills, Fixed Rate Treasury Notes, Retail Bonds)

\_\_\_ Corporate Bonds

\_\_\_ Unit Investment Trust Funds

\_\_\_ Mutual Funds

\_\_\_ PSE Listed Stocks

\_\_\_ Others (please specify) \_\_\_\_\_

4. Intended investment horizon:

Short Term (one year or less)

Medium-Term (over one year to five years)

Long-Term (more than 5 years)

Others (please specify) \_\_\_\_\_

5. Appetite for risk:

**Low Risk:** Investment is purely concentrated on fixed income and money market funds

**Medium Risk:** Investment mix in equity and fixed income/money market funds

**High Risk:** Investment is purely concentrated on equity funds.

Others (please specify) \_\_\_\_\_

6. Current total portfolio of securities: \_\_\_\_\_

7. Current net worth: \_\_\_\_\_

**INDIVIDUAL QUALIFIED BUYERS' INFORMATION SHEET (IQBIS)**

Name: \_\_\_\_\_

Civil Status :  Single  Married  Widow  Widower

Address \_\_\_\_\_

Citizenship \_\_\_\_\_ Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_ E-mail Address: \_\_\_\_\_

1. Age:

Below 30 years old

30 – 50 years old

Above 50 years old

2. Educational Attainment:

High School Graduate

College Graduate Course: \_\_\_\_\_

Graduate Degree Degree: \_\_\_\_\_

Others

3. Key objective/s for the investment being considered:

To safeguard capital/amount invested

To receive income by liquidating shares regularly

To achieve a balance between income and capital growth

To achieve capital appreciation or growth despite the potential to incur loss in pursuit of significant gains

Others (please specify) \_\_\_\_\_

4. Bulk of current portfolio investment:

- Savings/Time Deposit, Insurance and Pre-Need products
- Government Securities (Treasury Bills, Fixed Rate Treasury Notes, Retail Bonds)
- Corporate Bonds
- Unit Investment Trust Funds
- Mutual Funds
- PSE Listed Stocks
- Others (please specify) \_\_\_\_\_

5. Intended investment horizon:

- Short Term (one year or less)
- Medium-Term (over one year to five years)
- Long-Term (more than 5 years)
- Others (please specify) \_\_\_\_\_

6. Appetite for risk:

- Low Risk:** Investment is purely concentrated on fixed income and money market funds
- Medium Risk:** Investment mix in equity and fixed income/money market funds
- High Risk:** Investment is purely concentrated on equity funds.
- Others (please specify) \_\_\_\_\_

7. Current total portfolio of securities:

at least P5 Million but not exceeding P10 Million

more than P10 Million but not exceeding P20 Million

more than P20 Million but not exceeding P50 Million

more than P50 Million but not exceeding P60 Million

more than P60 Million but not exceeding P100 Million

more than P100 Million but not exceeding P200 Million

Others (please specify) \_\_\_\_\_

8. Current net worth:

at least P5 Million but not exceeding P10 Million

more than P10 Million but not exceeding P30 Million

more than P30 Million but not exceeding P50 Million

more than P50 Million but not exceeding P100 Million

more than P100 Million but not exceeding P200 Million

Others (please specify) \_\_\_\_\_

9. Years of experience in trading of securities for your account:

1 year

2 years

3 years

Others (please specify) \_\_\_\_\_

10. Positions of responsibility held in a professional business entity that requires knowledge or expertise in securities held for at least two (2) years:

\_\_\_ Executive Position (please specify) \_\_\_\_\_

\_\_\_ Legal Consultant

\_\_\_ Financial Advisor

\_\_\_ Sales Person or Associate Person of a broker

\_\_\_ Others (please specify) \_\_\_\_\_

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