



21 January 2019

SEC AFFIRMS DELISTING OF CALATA CORP. AND DISQUALIFICATION OF ITS OFFICERS

The SEC Commission *En Banc*, in a recent decision, affirmed the Philippine Stock Exchange's (PSE) 3 November 2017 Decision ordering the delisting of agri-business firm Calata Corporation, the disqualification from becoming directors and/or executive officers of an Issuer of Atty. Jose Marie E. Fabella, Mr. Halmond Parker R. Ong, Mr. Melvin H. Calata, Mr. Johnny L. Uy, Mr. Edmund M. Solilapsi, and Fr. Conrado C. Zablan, and the perpetual disqualification from being an officer, member of the Board of Directors of an Issuer, upon its Chairman/CEO/President Mr. Joseph H. Calata.

The PSE held Calata Corporation liable for multiple violations of PSE Disclosure Rules and Delisting Rules.

Calata Corporation was found to have committed twenty nine (29) distinct violations of Section 13.1 of the PSE Disclosure Rules when it failed to timely disclose changes in the shareholdings of its Directors and Principal Officers. Under Section 13.1 (c), Directors and Principal Officers of a listed company must disclose to the PSE any "acquisition, disposal, or change" in their shareholdings within five (5) trading days.

The PSE found Mr. Joseph H. Calata, to have made multiple trades of Calata shares between 29 November 2016 and 16 March 2017 but the corporation only disclosed its first set of undisclosed transactions on 23 June 2017 beyond the required five (5) trading days. Mr. Joseph H. Calata also made multiple trades of Calata shares from 20 April 2017 to 20 June 2017 but the corporation only disclosed this second set of undisclosed transactions on 7 July 2017 again beyond the required five (5) trading days.

Further, Calata Corporation committed twenty six (26) violations of the Blackout Rule, i.e. Section 13.2 of the PSE Disclosure Rules, within two (2) Blackout Periods when its Directors and Principal Officers executed trades of Calata shares during a "Blackout Period" where only they were in possession of material non-public information. Under Section 13.2 of the PSE Disclosure Rules,

*Office of the Commission Secretary
S-309, 3F PICC Secretariat Building
Philippine International Convention Center (PICC) Complex
Pasay City
888-8141 ; 818-5478*

“A Director or Principal Officer of an Issuer must not deal in the Issuer’s securities during the period within which a material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.”

It was noted in the SEC Commission *En Banc* Decision that Mr. Joseph H. Calata consistently admitted that trades were executed while they were in possession of material non-public information and that there was a failure to disclose the same to the PSE.

Further in the SEC Commission *En Banc* decision, the delisting of Calata Corporation was held valid as it also declared that the PSE correctly imposed perpetual disqualifications upon Mr. Joseph H. Calata and other officers. The SEC Commission *En Banc* Decision also stated that “The other directors, although they neither illicitly-traded nor failed to disclose, may also be held liable because they bound themselves to ensure that Calata would not commit any violation of the PSE Disclosure Rules. This duty is echoed in the Listing Agreement between Calata and PSE. “

The PSE’s order, however, for Calata to submit a tender offer or buy back plan for the latter to buy-back any and all shares tendered by its shareholders was found by the SEC Commission *En Banc* untenable considering that Calata Corporation does not have sufficient unrestricted retained earnings to buy back all the outstanding shares.

END

*Office of the Commission Secretary
S-309, 3F PICC Secretariat Building
Philippine International Convention Center (PICC) Complex
Pasay City
888-8141 ; 818-5478*