

Rule 10.2 –Limited Public Offerings and Other Exempt Transactions

10.2.1. The Commission may exempt other transactions, if it finds that the requirements of registration under the Code is not necessary in the public interest or for the protection of the investors such as by reason of the small amount involved or the limited character of the public offering.

10.2.2. For a public offering to be considered of limited character, the covered securities should be available only to the parties or persons named in the application for exemption for a specified period.

10.2.3. The following documents shall be submitted in support of an application for exemption under Section 10.2 of the Code:

10.2.3.1. Letter-request which shall contain the following information:

10.2.3.1.1. Registered name of the applicant;

10.2.3.1.2. Primary purpose of the applicant;

10.2.3.1.3. Number of option shares to be issued;

10.2.3.1.4. Corresponding position of the optionees or persons to whom the offer shall be made;

10.2.3.1.5. Latest audited financial statements of the applicant;

10.2.3.1.6. If applicable, the names and addresses of the applicant's subsidiaries and affiliate companies and their dates of registration with the Commission; issue price or exchange rate, including its source or basis, of the option shares at the time of filing; and last quoted price of the option shares and such other relevant features, terms and conditions of the plan.

10.2.3.2. Notarized certificate of the Corporate Secretary of the applicant Issuer attesting to the following¹:

10.2.3.2.1. Approval by the applicant's Board of Directors and required stockholders' approval of the stock offering plan ("the Plan");

¹ According to SEC Memorandum Circular No. 5 (Series of 2012), Independent Directors are allowed to participate in Employees' Stock Option Plans, provided that their shareholdings in the company do not exceed 2% of the outstanding shares of the corporation.

10.2.3.2.2. Genuineness and due execution of the Plan, a copy of which shall be attached to the certificate; and

10.2.3.2.3. If applicable, a breakdown of the number of shares earlier exempted from registration (citing SEC Resolution and date of approval), the shares subscribed by the optionees, and the remaining unissued shares computed on a year-to-year basis, and an explanation on why the applicant has renewed its application in spite of the availability of unissued shares.

10.2.3.2.4. A Certification of the Human Resource Head or any position of equivalent nature that the optionee – employees were given a copy of the Plan to enable them to make an intelligent judgment on the advantages and disadvantages of the Plan.

10.2.3.2.5. If the issuer is a foreign corporation, it should state whether the terms and conditions of the Plan in the Philippines are the same as that in other jurisdictions and an undertaking that the optionees of the plan will have continuous access on the key performance indicators of the company;

10.2.3.2.6. All documents executed abroad shall be in English and authenticated by the Philippine Embassy or Consulate where the documents were executed.

10.2.3.2.7. A listing of persons and their corresponding position(s) in whose favor such grant or issuance of options is to be made, indicating the number of shares to be given to each, or if this could not yet be ascertained, the formula to be used in determining such number of shares, and issue price.

10.2.4. Issuers who undertake limited public offerings under this Rule shall submit to the Commission, on an annual basis, the amount of securities issued and the persons to whom the same were issued, or such other reports and for such period as the Commission may from time to time require.

10.2.5. Applications for exemption filed under this Rule shall pay a filing fee in such amount as may be prescribed by the Commission. The Corporate Secretary of the Issuer shall submit as sworn Undertaking to pay the additional filing fee should there be an increase in price of the securities at the time of grant;

10.2.6. No securities sold under exempt transactions pursuant to Section 10.1 or granted exemption under Section 10.2 hereof shall be offered for sale or sold to the public without prior registration.

10.2.7. The Issuer, as well as the participating subsidiary, affiliate, branch office or any other entity-optionee shall submit on or before the 10th of January of each year following the date of the grant until full issuance, a report containing the necessary details of the grant, such as but not limited to, the names of the actual optionees and their corresponding number of shares.

Rule 10.3 –Application for Exemption

10.3.1. Any person applying for an exemption under Section 10 of the Code shall file with the Commission a notice identifying the exemption relied upon on such form and at such time as the Commission by rule may prescribe and with such notice shall pay to the Commission a fee equivalent to one-tenth (1/10) of one percent (1%) of the maximum aggregate price or issued value of the securities.