



SEC Memorandum Circular No. 10
Series of 2025

TO : ALL CONCERNED

SUBJECT : REPEAL OF THE RULES ALLOWING THE TRADING OF "B" SHARES ON THE REGULAR BOARD AND REQUIRING BUYERS TO ACCEPT EITHER "B" OR "A" CERTIFICATES

DATE : 07 August 2025

WHEREAS, on 07 September 1973, the Commission issued the guidelines entitled "*Rules Allowing Trading of "B" Shares on the Regular Board and Requiring Buyers to Accept Either "B" or "A" Certificates*," as a means to monitor foreign ownership through the classification of common shares of publicly listed companies into Class "A" and Class "B" shares;

WHEREAS, the same guidelines allowed for the monitoring of the sixty percent (60%) Filipino and forty percent (40%) alien ownership of stock as required under existing applicable laws, where Class "A" shares can only be issued to Filipino citizens, while Class "B" shares may be issued to Filipinos and aliens alike;

WHEREAS, the guidelines state that "Any and all B shares may be sold also on the regular board, since said shares may be issued to Filipinos and aliens alike. Accordingly, buyers on the regular board shall accept the delivery of either A or B certificates or B certificates and cannot choose";¹

WHEREAS, the Commission directed the declassification of shares of companies going public in order to eliminate the unfair disparity in price between Class A and Class B shares;

WHEREAS, the declassification had prospective application and, thus, shares already classified as A or B continued to be classified as such;

WHEREAS, there remains several listed companies which have common shares classified as Class "A" and Class "B" for the sole purpose of monitoring equity ownership of local and foreign investors, as these shares bear the same rights, privileges and entitlement to dividends;

WHEREAS, presently, the PSE maintains a system that strictly monitors and enforces foreign ownership limits given the current technological advances in its trading system; and

¹ Section 1, *Rules Allowing Trading of "B" Shares on the Regular Board and Requiring Buyers to Accept Either "B" or "A" Certificates*, 7 September 1973.

WHEREAS, the classification of the “A” and “B” shares has been a source of administrative inefficiencies for the trading participants and the Securities Clearing Corporation of the Philippines (SCCP), as well as unwarranted arbitrage for holders of class “B” shares;

WHEREFORE, IN VIEW OF THE FOREGOING, the Commission hereby promulgates the following directives:

SECTION. 1. Declassification of Class “A” and Class “B” shares. To ensure efficiency in executing and settling equity trades, the classification of common shares into Class “A” and Class “B” of the all listed companies shall be discontinued.

SEC. 2. Period to amend Articles of Incorporation. Following the mandated declassification of the Class “A” and “B” shares, the listed corporations still having both Class “A” and Class “B” shares shall amend their respective Articles of Incorporation to reflect such change within one (1) year from the effectivity of this Memorandum Circular.

SEC. 3. No compulsion to accept alternative class of shares. During the period to amend AOI, buyers on the regular board shall accept the delivery of the specific class of shares that they have purchased and paid for, and shall not be compelled to receive an alternative class of shares.

SEC. 4. Trades that exceed foreign ownership limits. In the remote event that a trade is executed and the same results in a breach of allowable foreign ownership limits, the foreign buyer, through its broker, shall immediately cause the disposition of such number of shares that caused the breach of the foreign ownership limit as soon as practicable upon discovery of the breach at the prevailing market price and shall return the proceeds to the foreign investor. For the avoidance of doubt, if the breach is discovered during trading hours, the disposition should be done immediately upon discovery, within the same trading day; otherwise, the disposition should be done upon the opening of trading on the immediately succeeding trading day.

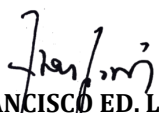
SEC. 5. Penalties. Violation of the provisions of this Memorandum Circular shall, after due notice and hearing, be subject to the appropriate penalty provided under Section 54 of the Securities Regulation Code.

SEC. 6. Repealing Clause. All other rules and regulations or parts thereof, inconsistent with this Circular are hereby repealed, amended or modified accordingly.

SEC. 7. Effectivity - This circular shall take effect immediately after its complete publication in the *Official Gazette* or in at least two (2) newspapers of national circulation in the Philippines.

Done this 07 August 2025 in Makati City, Philippines.

For the Commission:


FRANCISCO ED. LIM
Chairperson