

Understand This And Protect Yourself From Hype

Felt like being hyped? Hypers don't care about your hard-earned capital. First acid test on how not to be hyped, check the company's Track Record requirement as mandated by PSE.

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| TRACK RECORD REQUIREMENT |
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1. A cumulative consolidated earnings before interest, taxes, depreciation and amortization (EBITDA), excluding non-recurring items, of at least P50 Million for three (3) full fiscal years immediately preceding the application for listing;
2. A minimum EBITDA of P10 Million for each of the three (3) fiscal years; and
3. The applicant company must be engaged in materially the same business(es) and must have a proven track record of management throughout the last three (3) years prior to the filing of the application.

Exceptions to the 3-year track record requirement:

- (i). The Applicant Company has been operating for at least ten (10) years prior to the filing of the application and has a cumulative EBITDA of at least P50 Million for at least two (2) of the three (3) fiscal years immediately preceding the filing of the listing application;
- (ii). The Applicant Company is a newly formed holding company which uses the operational track record of its subsidiary. However, the newly formed holding company is prohibited from divesting its shareholdings in the said subsidiary for a period of three (3) years from the listing of its securities. The prohibition shall not apply if a divestment plan is approved by majority of the Applicant Company's stockholders.

1. A cumulative earnings before interest, taxes, depreciation and amortization (EBITDA), excluding non-recurring items, of at least P15 Million for three (3) fiscal years immediately preceding the application for listing;
2. A positive EBITDA was generated in at least two (2) of the last three (3) fiscal years, including the fiscal year immediately preceding the filing of the application; and
3. The Applicant Company must be engaged in materially the same business and must have a proven track record of management throughout the last three (3) years prior to the filing of the application for listing.

The Applicant Company shall demonstrate its stable financial condition and prospects for continuing growth by providing a business plan indicating the steps that have been taken and to be undertaken in order to advance its business over a period of five (5) years. As a general rule, financial projections are not required, but should there be references made in the business plan to future profits or losses, or any other item that would be construed to indicate forecasts, then the Applicant Company is required to include financial projections in the business plan duly reviewed by an independent accounting firm.

MINIMUM CAPITAL REQUIREMENT

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| <p>Minimum authorized capital stock of P500M, of which, at least 25% is subscribed and fully paid. At listing, the market capitalization of the Applicant Company must be at least P500M.</p> | <p>Minimum authorized capital stock of P100M, of which, at least 25% is subscribed and fully paid.</p> |
| <p>MINIMUM NUMBER OF STOCKHOLDERS</p> | |
| <p>Upon listing, at least 1,000 stockholders each owning stocks equivalent to at least one (1) board lot.</p> | <p>Upon listing, at least 200 stockholders each owning stocks equivalent to at least one (1) board lot.</p> |
| <p>RESTRICTIONS</p> | |
| <p>1. No divestment of shares in operating subsidiary – A newly formed holding company which invokes the operational track record of its subsidiary to qualify for the track record requirement of profitable operations, is prohibited from divesting its shareholdings in the said subsidiary for a period of three (3) years from the listing of its securities. The prohibition shall not apply if a divestment plan is approved by majority of the Applicant Company’s stockholders.</p> <p>2. No secondary offering for companies invoking exemption of track record and operating history requirements, such as mining, petroleum and renewable energy companies and newly formed holding companies during the initial public offering.</p> | <p>1. No listing of holding, portfolio and passive income companies;</p> <p>2. No change in primary purpose and/or secondary purpose for a period of seven (7) years following its listing; and</p> <p>3. No offering of secondary securities for companies exempt from the track record and operating history requirements such as mining, petroleum and renewable energy companies.</p> |
| <p>LOCK-UP</p> | |

An Applicant Company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:

(i). One hundred eighty (180) days after the listing of said shares if the Applicant Company meets the track record requirements; or

(ii). Three hundred sixty-five (365) days after listing of said shares if the Applicant Company is exempt from the track record and operating history requirements.

If there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within One hundred eighty (180) days prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the Initial Public Offering, or listing price for a listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least Three hundred sixty-five (365) days from full payment of the aforesaid shares.

The lock-up requirement shall be stated in the Articles of Incorporation of the Applicant Company.

An Applicant Company shall cause its existing stockholders to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.

If there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within six (6) months prior to the start of the offering period, or, prior to listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering, or listing price for listing by way of introduction, all shares subscribed or acquired shall be subject to a lock-up period of at least one (1) year from listing of the aforesaid shares.

The lock-up requirement shall be stated in the Articles of Incorporation of the Applicant Company.

Now, check if your 'hype' list disqualifies for the track record requirement.