MEMORANDUM

THE PHILIPPINE STOCK EXCHANGE, INC.

☐ Trading  ☐ Public Advisory
☐ Disclosure ☐ Administrative/Technology Matters
☐ Listing ☑ Others: Policy on Validity Period of the Accreditation of Firms

TO : ALL MARKET PARTICIPANTS AND STAKEHOLDERS

DATE : August 04, 2017

SUBJECT : Policy on Validity Period of the Accreditation of Firms for Valuation or Appraisal Purposes

Please be informed that effective August 4, 2017, the Exchange will implement the Policy on Validity Period of the Accreditation of Firms for Valuation or Appraisal Purposes ("Policy").

This Policy (i) extends the validity period of the accreditation of firms for valuation or appraisal purposes from one (1) year to five (5) years, in order to align it with the accreditation period for appraisal companies or professional services organizations ("PSOs") under the Guidelines on Asset Valuations of the Securities and Exchange Commission ("SEC") provided in SEC Memorandum Circular No. 2, Series of 2014 ("SEC Guidelines"), (ii) requires accredited firms for valuation or appraisal purposes to comply with the annual reportorial requirements applicable to accredited appraisal companies or PSOs prescribed under Section IV of the said SEC Guidelines and (iii) imposes processing and accreditation fees on applicants for initial or renewal of accreditation.

Attached as Annex "A" is a copy of the Policy.

For your information and guidance.

Ramon S. Monzon
President and CEO
POLICY ON VALIDITY PERIOD OF THE ACCREDITATION OF FIRMS FOR VALUATION OR APPRAISAL PURPOSES ("POLICY")

Approved by the Exchange's Board of Directors on June 14, 2017 per Resolution No. 76, Series of 2017.

I. SCOPE

This Policy shall govern the validity period of the accreditation of firms (the "Accredited Firms" or "Firms") for valuation or appraisal purposes under Section III of the PSE Guidelines for Fairness Opinions and Valuation Reports ("PSE Guidelines").

This Policy must be read and applied in conjunction with the applicable rules and guidelines of the Securities and Exchange Commission ("SEC") on Asset Valuations ("SEC Guidelines"), as provided in SEC Memorandum Circular No. 2, Series of 2014, and any amendments thereto, and the prevailing Listing and Disclosure Rules of the Exchange, including the PSE Guidelines and the requirements for accreditation of property appraisal companies.

II. RATIONALE

The Exchange resolved to extend the validity period of the accreditation of Firms for valuation or appraisal purposes, from one (1) year to five (5) years (the "Accreditation Period"). This will align the Accreditation Period of the Exchange with the SEC Guidelines to improve the efficiency and procedures of the Exchange. Under Section II of the SEC Guidelines, the accreditation period for appraisal companies or professional services organizations ("PSOs"), as defined under the said SEC Guidelines, is effective for a period of five (5) years, subject to compliance with the operational and reportorial requirements provided in the SEC Guidelines. Further, the Exchange likewise adopts the annual reportorial requirements applicable to accredited appraisal companies or PSOs prescribed under Section IV of the said SEC Guidelines.
III. POLICY

A. Accreditation Period

1. The validity of the accreditation of Firms for valuation or appraisal purposes shall be effective for a period of five (5) years from the date of the effectivity of the accreditation as may be announced by the Exchange.

2. The continued validity of the Firm's accreditation within the Accreditation Period is subject to the Firm's payment of the Accreditation Fee as provided in item III (C) and the Firm's compliance with the reportorial requirements as provided in item III (B) of this Policy.

3. At any time within the Accreditation Period, the Exchange reserves the right to revoke any such accreditation granted to a Firm in the event that (i) the Firm's representations are found to be false, inaccurate, misleading and/or incomplete; (ii) the Firm fails to comply with the qualifications and requirements prescribed by the Exchange; and (iii) the Firm fails to comply with the annual reportorial requirements provided in item III (B) of this Policy.

B. Procedures and Reportorial Requirements

1. Annual Reportorial Requirements. The Accredited Firm shall submit to the Exchange within one hundred five (105) days from the end of its fiscal year, or simultaneous with the Accredited Firm's submission to the SEC, an annual report using the prescribed SEC format (SEC Form AC-AR, Annual Report pursuant to Guidelines on Asset Valuations), which shall include the following information:

   a. Brief description of business activities and operations for the year
   b. List of licensed valuation specialists or property appraisers
   c. List of clients for the immediately preceding year
   d. Summary of financial information based on Audited Financial Statements covering the year
   e. Other information or events that transpired during the year that may materially affect the operations of the Accredited Firm.

2. Renewal. The Accredited Firm may file an application for the renewal of its accreditation six (6) months prior to its expiration using the
Checklist of Documentary Requirements for Accreditation of Firms for Purposes of Issuing Fairness Opinions and Valuation Reports, or the Requirements for Accreditation of Property Appraisal Companies, whichever is applicable.

C. Fees

Applications for initial or renewal of accreditation for valuation or appraisal purposes shall be subject to the following fees:

1. **Processing Fee.** Upon filing, the applicant Firm shall pay a non-refundable fee of Php 10,000.00 for processing of the application.

2. **Accreditation Fee.** The applicant Firm shall pay the Accreditation Fee of Php 50,000.00 payable within fifteen (15) calendar days from receipt of notice from the Exchange approving the application for accreditation.