



SEC NEWS SERVICE

SERIES OF 2015

JULY 28, 2015

SENATE DID ITS JOB TO REV UP ECONOMY, ATTRACT INVESTORS, CREATE JOBS—DRILON Recto Mercene, Business Mirror, p. A4	[1]
BELMONTE EMBARKS ON FINAL PUSH FOR PASSAGE OF ECONOMIC CHA-CHA BILLS Jovee Marie N. Dela Cruz, Business Mirror, p. A4	[3]
THE INVESTMENTS SCAMS KEEP COMING Business Mirror, p. A6	[5]
REGISTRATION OF SECURITIES IN MATTER OF: PHILIPPINE STOCK INDEX FUND CORP. Business Mirror, p. B2-2	[6]
REGISTRATION OF SECURITIES IN MATTER OF: ALFM GROWTH FUND, INC. Business Mirror, p. B2-2	[7]
A LITTLE COMPETITION HELPS Flourence Kathrine Enriquez, Business World, p. 2/S1	[8]
CIRTEK SEEKS SEC NOD FOR NEARLY P3-B FOO Madelaine B. Miraflor, Manila Bulletin, p. B5	[9]
BASEL BODY ISSUES SECURITIZATION GUIDELINES Philippine Star, p. B6	[10]

Senate did its job, to rev up economy, attract investors, create jobs—Drilon

BY RECTO MERCENE

SUMMING up the economic measures passed under the 16th Congress to make the country more competitive, Senate President Franklin Drilon said on Monday that the Senate had passed several measures to stimulate the economy and attract foreign investments, thus, creating more jobs.

In his speech during the opening of the third and last regular session of the 16th Congress, Drilon said that last week, President Aquino signed the Philippine Competition Act, which took more than 20 years for Congress to enact an antitrust law.

"We now finally have a competition policy that outlaws and penalizes anticompetitive agreements, abuse of dominant position, and anticompetitive mergers and acquisitions."

The Senate also enacted the Revised Insurance Code, which imposed more stringent capitalization requirements to strengthen the insurance industry and make it more resilient to shocks.

He said that in 2013 the President asked Congress to "amend the cabotage law in order to foster greater competition and to lower the cost of transportation for our agricultural sector and other industries."

The Senate responded by amending the cabotage law to achieve these goals, according to Drilon, who added that the Senate also legislated the

full entry of foreign banks by allowing them to acquire and invest up to 100 percent of the voting stock of a domestic bank.

"We also enacted a law that allowed foreign investors to own 60 percent of the voting stock in rural banks," he added

"To boost our tourism industry, we exempted foreign carriers from paying, on a reciprocity basis, the common carrier's and value-added tax for the transport of passengers," Drilon said.

With barely a year left before the 2016 elections, Drilon enjoined his colleagues "to set aside political interests and instead focus their time and resources on thinking of solutions to the nation's pressing problems."

In the months leading up to the next elections, however, Drilon said that the challenge for him and his colleagues in the Senate is to enact laws that will ensure the continuity of these reforms.

"The challenge that is thrown to us and to the people who will be elected in 2016, is to ensure the continuity of these reforms," Drilon said.

"We are racing against time. Let us remind ourselves that we are here to serve the people, and not special interest groups," he said.

"We must ensure a bright and promising future for the younger generation and the generations yet unborn," he added.

The Senate chief said that while the Senate has posted a strong legislative performance in the past five years, he believes that more needs be done to propel the nation to greater economic, political and social heights.

"Since the beginning of the Aquino administration, we have worked hard to institute reforms needed to improve the economy, create a stable political environment and improve our social infrastructure."

"But let us walk a mile more," he stressed, enumerating a set of legislation to be prioritized in the last session.

Drilon then vowed that the Senate will make use of its remaining time to pass even more laws that will uplift the lives of Filipinos and improve governance.

According to the Senate chief, among the priority bills the Senate will examine the 2016 national budget, to ensure the steady flow of funding to vital government programs and services.

Drilon said that they will "scrutinize every fact and examine every figure in the proposed 2016 General Appropriations Act," and assured the public that he will "see to it that the pork-barrel system is a thing of the past."

The Senate, Drilon said, will also continue to "promote lasting peace and sustainable development in Mindanao through a Bangsamoro basic law that is fully consistent with our Constitution."

On the economic front, Drilon said the Senate will address the gaps in the policy environment for public and private partnerships through the proposed build-operate-transfer law and the law on acquisition of right-of-way.

It will also work on the passage into law of the Customs and Tariff Modernization Act and the Tax Incentives Management and Transparency Act, to enhance trade and commerce.

The Senate leader added that they will also be giving focus on the improvement of public services, through the bill creating the Department of Information and Communications Technology to enhance the country's communication services, and the proposed Pagasa Modernization Act, which seeks to equip the state weather bureau with state-of-the-art facilities and technology.

Drilon underscored that it is crucial for the Senate to sustain its strong legislative performance throughout the last five years, noting the passage of many landmark and much-needed bills that have been passed into law within the present administration.

He said the Senate also fulfilled its pro-education agenda with the passage of the Enhanced Basic Education Act, the Iskolar ng Bayan Act, the Ladderized Education Act, the Open Learning and Distance Education Act, and the law authorizing the Open High School System.

Other key pieces of legislation passed by the Senate are the Maritime Industry Authority law, which saved the livelihood of more than 80,000 seafarers; the amendments to the Fisheries Code; and the law which raised the tax-exemption ceiling for 13th-month pay and other benefits from P30,000 up to P82,000. *With PMA*

Belmonte embarks on final push for passage of economic Cha-cha bills

BY JOVEE MARIE N. DELA CRUZ

THE leader of the House of Representatives on Monday appealed anew to members of the lower chamber to give economic Charter change (Cha-cha) a chance.

House Speaker Feliciano Belmonte Jr., during his speech at the opening of the third regular session, said that his Resolution of Both Houses 1 (RBH 1) will complement country's inclusive growth.

"It is now in that same spirit that I urge you, our dear colleagues, to ensure that we finally pass resolution of Both Houses No. 1. By amending the restrictive economic provisions of our Constitution, we empower Congress to enact laws that will attract the kind of investments that will reverse the deindustrialization and de-agriculturalization of our economy," Belmonte told lawmakers.

"Only then can we encourage locators and investors to expand our manufacturing sector, the area where the better-paying decent jobs can be created. This is the best strategy to ensure that no Filipino will be left behind," he said.

In June the 16th Congress adjourned sine die without approving on final reading a resolution filed by Belmonte amending the economic provisions of the 1987 Constitution. Belmonte said he had aborted the move to put RBH 1 to a vote due to lack of votes to ensure its passage.

According to Speaker the economic Cha-cha, which was backed by foreign and local business groups, is a larger contributor to economic growth as foreign direct investments (FDI) are seen to increase once ownership on estates and corporations, one of the issues raised by investors for not investing in the country, is relaxed.

The resolution, filed by Belmonte and Sen. Ralph Recto, is eyeing to amend economic provisions on the 60-40 rule that limits foreign ownership of certain activities in the Philippines.

The resolution will include the phrase "unless provided by law" in the foreign-ownership provision of the Constitution, particularly land ownership, public utilities, natural resources, media and advertising industries.

Under Article XII of the Constitution, which ratified during the term of the President's mother, then-President Corazon Aquino, foreign investors are prohibited to own more than 40 percent of real properties and businesses, while they are totally restricted to exploit natural resources and own any company in the media industry.

Belmonte, however, admitted that "it's very tight to revive the [economic Charter change] due to lack of time.

Under the legislative calendar, Congress will adjourn from October 10 to November 2. The session will again resume from November 3 to December 18.

The third and last regular session of the 16th Congress is expected to be cut short because of the 2016 national and local elections in May next year.

Other priorities

MEANWHILE, Belmonte said the lower chamber will prioritize the passage of the following priority measures in the remaining

months of the year:

- the proposed basic law on the Bangsamoro Autonomous Region (BLBar)
 - 2016 P3.002-trillion national budget
 - creation of the Department of Information and Communications Technology
 - strengthening the build-operate-transfer law
 - Pag-Asa Modernization Act
 - Freedom of Information Act
 - Tax Incentives Management and Transparency Bill
 - Customs Modernization and Tariff Act
 - National Identification System
 - Prepaid SIM Card registration
 - Barangay Officials Welfare and Incentives Act
 - Philippine Immigration Act of 2015
 - the law adjusting the amount involved, value of property or damage on which a penalty is based and the fines under the revised penal code
 - the Healthcare Services Price Disclosure Act
 - the law that will ensure that each school division has a center for children with special needs
- According to Belmonte it is imperative upon Congress to address the long-standing grievances of the Bangsamoro people "by empowering them to fully provide for their self-expression and development."

"To the end of achieving peace, we are also committed to passing the BLBar. For far too long, the conflicts in the Bangsamoro have taken on different forms, rooted in passions that feed on discrimination and deprivations that are fueled by poverty. We must address the long-standing grievances of the Bangsamoro people by empowering them to fully provide for their self-expression and development," he said.

"But this has to be complemented by clear and decisive legislative language to accommodate and empower not just the new majority of the Muslims in the Bangsamoro, but also for all other groups whose lives, family and work are located in these regionally autonomous areas of the Bangsamoro," the Speaker added.

At least 20 members of the lower house are still set to interpellate the BLBar.

The BLBar aims to create the new Bangsamoro juridical entity replacing the Autonomous Region in Muslim Mindanao.

Currently the proposed BLBar is under plenary deliberations at the House of Representatives, while the Senate version is under committee deliberations.

The lower chamber is eyeing to pass the BLBar in September.

While the lawmakers are busy deliberating the BLBar, Belmonte also urged his colleagues to "have the courage to finally come to peace with one another, and ourselves" by resuming peace negotiations with the Communist Party of the Philippines-National Democratic Front (CPP-NDF).

"As we work toward achieving real and lasting peace in Mindanao, we must also have the courage to finally come to peace with one another, and with ourselves, by exploring all avenues for peace, including the possibility of reopening peace negotiations with the CPP-NDF," he said.

The investment scams keep coming

THERE seems to be three kinds of people who respond to solicitations for an investment scam. The first is someone who apparently has not read a newspaper, listened to a radio broadcast, or watched television in the last year. This kind of investor must believe that the returns being promised by the scammers are normal, and it is just that he has not heard of such wonderful opportunity before.

The second type is convinced, as in the words of one "successful" investor, that "this company is, indeed, a blessing to me and my family," as if the Divine Powers have finally rewarded his faith and good behavior.

The third may be like the shoplifter who decides to steal a pair of expensive sunglasses in a department store. This person understands that it is not all that it is presented to be and that there is a risk involved, but nonetheless decides that he is either lucky enough or smart enough not to get caught.

Of course, the key to success for investors in a fraudulent investment scheme is to be there first. By the time a few hundred people have posted pictures of their new cars earned from their "investment" on their Facebook pages, it might be time to wait for the next scam to be able to be at the top of the line.

However, the investment scams that make it to the evening television news and the front pages of newspapers are only part of the problem.

The Securities and Exchange Commission (SEC) warned last week that two more companies are violating the law by soliciting investments without proper registration and licenses. The firms have not been found to be fraudulent, but there is a strong possibility of another scam, because they do not have any legal basis for taking in investors' money. The problem is that too many investors are not aware of what makes companies like them legal. People just assume that if a corporation has been registered with the SEC and has been issued local permits, it must be operating legally. Nothing could be farther from the truth.

If you are willing to take your chances with a potentially fraudulent firm, that is your choice. But serious and prudent investors will first contact the SEC to verify the legality of the company and its operation. A legitimate company will welcome, and even encourage, that sort of due diligence.

However, even the appearance of legitimacy may conceal a potential investment loss. The SEC just advised the public that the corporate life of Capitol Hills Golf & Country Club Inc. in Quezon City expired in 2010, and that its license to offer or sell securities was revoked in 2004. The company is undergoing liquidation proceedings before the Regional Trial Court in Quezon City, and current club share owners are trying to unload their ownership on the public.

If anything raises your doubts as to the legitimacy of an investment, do not proceed without checking with the SEC.



Republic of the Philippines
 Department of Finance
Securities and Exchange Commission
 SEC Building, EDSA, Greenhills, Mandaluyong City, 1554

Corporate Governance and Finance Department

IN MATTER OF

PHILIPPINE STOCK INDEX FUND CORP.

Registration of Securities

-Registrant-

X-----X

NOTICE

Notice is hereby given that on July 10, 2015, a sworn Registration Statement was filed with the Securities and Exchange Commission on behalf of **PHILIPPINE STOCK INDEX FUND CORP.** for the registration of up to Two Million Four Hundred Thousand (2,400,000) common shares with a par value of One Hundred Pesos (Php100.00) or a total of Two Hundred Forty Million Six Hundred Thousand Pesos (Php240,600,000.00), representing the latest increase in its authorized capital stock.

According to the papers/documents presented, the following persons are the key officers/directors of the corporation:

NAME	POSITION
Mr. Romeo L. Bernardo	Chairman/ Independent Director
Mr. Simon R. Paterno	Director
Ms. Sherice P. Nuesa	President
Mr. John Philip B. Orbeta	Independent Director
Mr. Adelbart A. Legasto	Director
Mr. Fernando J. Siacor III	Treasurer
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance Officer

The said Registration Statement and other documents attached thereto are open for inspection by interested parties during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Registration Statement and Prospectus dated June 30, 2015 may also be downloaded from www.alfimutualfunds.com.


JUSTINA P. CALLANGAN
 Director

BM-JULY 28 & AUG. 3, 2015



Republic of the Philippines
 Department of Finance
Securities and Exchange Commission
 SEC Building, EDSA, Greenhills, Mandaluyong City, 1554

Department of Finance
 Philippine Government and Finance Department

IN MATTER OF

ALFM GROWTH FUND, INC.

Registration of Securities

Registrant

X-----X

NOTICE

Notice is hereby given that on July 10, 2015, a sworn Registration Statement was filed with the Securities and Exchange Commission on behalf of **ALFM GROWTH FUND, INC.** for the registration of up to Fifteen Million (15,000,000) common shares with a par value of One Hundred Pesos (Php100.00) or a total of One Billion Five Hundred Million Pesos (Php1,500,000,000.00), representing the latest increase in its authorized capital stock.

According to the papers/documents presented, the following persons are the key officers/directors of the corporation:

NAME	POSITION
Mr. Romeo L. Bernardo	Chairman/ Independent Director
Mr. Simon R. Paterno	Director
Ms. Sherisa P. Nuesa	President
Mr. John Philip S. Orbeta	Independent Director
Mr. Adelbert A. Legasto	Director
Mr. Fernando J. Sison III	Treasurer
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance Officer

The said Registration Statement and other documents attached thereto are open for inspection by interested parties during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Registration Statement and Prospectus dated June 30, 2015 may also be downloaded from www.alfmfund.com.


JUSTINA F. CALLANGAN
 Director

SM-JULY 28 & AUG. 3, 2015

OPINION

A little competition helps

With the accelerated shift of the Philippines towards a digital economy and the spread of business and investment ideas globally, the country finally took a step forward in promoting fair and free competition in trade and industry as well as an efficient shipping system through the passage of the Republic Act No. (RA) 10667 (Philippine Competition Act) and the amendment of RA 10668 (Cabotage Law).

The passage of RA 10667 paves the way for a level playing field for businesses. The law penalizes anti-competitive agreements, abuse of dominant positions and prohibited mergers.

Being the first of its kind in the country and after 20 years in the making, this is the key to addressing the increasing complexities of the global economy.

The Philippine Competition Act encourages healthier competition by setting forth a national policy prohibiting acts that restrain trade and thwart competition. In addition to its business development decisions, management will now have to ensure that the company is not engaging in the prohibited acts enumerated in the law. Moreover, in cases of mergers and acquisitions when the value of the transaction exceeds P1 billion, parties to such mergers are required to inform the Philippine Competition Commission (PCC) — an independent quasi-judicial body charged with implementing the law and reviewing such transactions. Being a lengthy process, it involves a great deal of careful consideration on the part of businesses.

On the other hand, the amendments to the Cabotage Law allow foreign vessels to load and unload their cargoes in any port in the country. Consequently this significantly reduces the cost of transporting goods into and out of the country. Take for instance the approximate shipping cost from Cagayan de Oro (CDO) to Hong Kong amounting to \$1,200 — 75% of this amount is the cost of shipment from CDO to Manila. With the amendment of the Cabotage Law, it will now cost only half of the said price to transport goods from these two points.

The Cabotage Law is expected to have a positive impact on the economy as it will boost domestic manufacturing and enhance regional dispersal of manufacturing activities. With the reduction in the cost of transport and shipping, our export products will be less costly, making them even more competitive relative to products of other countries. However, the threat of increased import consumption is also perceived along with the resulting lower cost of importation in regions that can now receive direct shipments without passing through the ports of Manila.

The above laws are a welcome change for businesses, big and small alike.

Their common ground is healthy competition. Healthy competition results in fairer and healthier prices of quality goods and services, with the prospect of stimulating economic activity. However, our government is charged with the tedious task of implementing the law to its fullest extent so that businesses can benefit from it. Passing comprehensive laws is one thing, implementing them effectively is another.

Since the above laws will benefit the economic aspect of the country, the question is, how will this affect taxation? Is the system of taxation in our country compromised?

Taxation is the lifeblood of a country. Our government depends on the revenue raised through taxation. The power of taxation is inherent in a state and even without the Constitution expressly conferring it the state cannot be deprived of its right to collect taxes for its sustenance. Hence, even with the enactment of the Competition Act, the collection of taxes largely depends upon the outcome of the business activities of an enterprise.

Big business will surely pay a big portion of the taxes, while smaller businesses are not exempt from such exercise of the state's power. This will be a game-changing era for new businesses. For those who may be hesitant to invest, this should not be a hindrance since there are avenues provided by the government wherein tax exemptions may be granted.

There are certain laws providing fiscal and non-fiscal incentives, to wit: the Omnibus In-

vestment Code, the Bases Conversion and Development Act, the Special Economic Zone Act of 1995, among others. Generally, all investors may avail of the incentives provided the project or activity is among those registered and allowed by the agencies granting the incentives.

At some point, Philippine Economic Zone Authority (PEZA) will determine that incentives are not enough. Due to the high cost of doing business in the Philippines, the incentives provided are losing their effectiveness. According to PEZA, there was a slowdown in foreign direct investment last year due to port congestion, which is less likely to happen if international shipping lines can dock in other ports. The passage of the Anti-Competition Law will also lessen, if not eliminate, the reluctance of businesses to invest in the country.

As for the Cabotage Law, one potential negative impact is the reduced activities of local shipping lines. The sector must adjust to recover the domestic business that will be lost. Domestic shipping corporations are taxed 30% of their net income. Reduced income from domestic shipping companies would mean reduced corporate income tax. On the other hand, international shipping companies are taxed 2.5% of their Gross Philippine Billings (GPB) which now cover the domestic transport portion of their voyages.

There may be little impact on Value-Added Tax (VAT) revenue. If a domestic shipping company transports cargo from a domestic port to Manila for an international shipper, VAT is 0%. On the other hand, international shipping companies are already paying the tax on their GPB and the common carrier's tax on the full billing including the cost of transport from the local port to Manila.

Overall, the above laws are expected to have a positive effect on the economy in terms of enhanced business activity, higher income and more tax revenues. This will most likely accelerate economic growth, thus representing a step up for the Philippines.

FLOURENCE KATHRINE ENRIQUEZ is a senior with the Tax Advisory and Compliance division of Punongbayan & Araullo.



LET'S TALK TAX
FLOURENCE KATHRINE
ENRIQUEZ

Cirtek seeks SEC nod for nearly ₱3-B FOO

Listed Cirtek Philippines Holdings Corp. has formalized its plan to do a follow-on offering at the local bourse more than four years after its maiden share sale to the public. The company is now planning to raise nearly ₱3 billion, it told the Securities and Exchange Commission (SEC).

A document filed with the SEC showed that Cirtek is planning to sell up to 80 million shares at ₱24 apiece, with an overallotment option to additional 40 million shares.

If the overallotment option will be tapped by the company, it would raise as much as ₱2.8 billion.

The timetable for the offering was set on November 9 until November 13, while the official listing at the Philippine Stock Exchange is targeted to be on November 20.

The application is now subject to approval by the corporate regulatory watchdog.

First Metro Investment

Corp. (FMIC) is the issue Manager, bookrunner, and lead underwriter for the transaction.

Cirtek Chief Finance Officer Anthony Buyawe said in an earlier report that bulk of the proceeds from the share sale will be used to fund strategic acquisitions

Buyawe said Cirtek would evaluate several acquisition opportunities and hopes to close a deal late this year or early 2016.

Cirtek is particularly interested in "bite-sized" companies worth about \$40 million to \$50 million.

"But we're flexible. If it makes sense for us, we're willing to consider a larger acquisition," Buyawe said.

It was just earlier this month when the company revealed that it is conducting a due diligence on a company it plans to acquire and the purchase will be funded by proceeds of the follow on offering. (MBM)



B-6

Tuesday, July 28, 2015

Basel body issues securitization guidelines

The Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO) has released the final criteria for identifying simple, transparent and comparable securitizations.

The Basel Committee is under the Bank for International Settlement.

"The purpose of these criteria is to assist in the financial industry's development of simple, transparent and comparable securitization structures.

They are not intended

to serve as a substitute for investors' due diligence," the committee said in a press statement.

In December 2014, the Basel Committee and IOSCO published for consultation these 14 criteria to identify certain features of simple, transparent and comparable securitizations.

The Basel Committee and IOSCO amended certain aspects of the proposed criteria that were considered overly prescriptive, and have clarified other issues where respondents raised doubts

about their interpretation or implementation.

These criteria apply only to term securitizations and are non-exhaustive and non-binding.

Additional and/or more detailed criteria may be necessary based on specific needs and applications.

Criteria promoting simplicity refer to the homogeneity of underlying assets with simple characteristics, and a transaction structure that is not overly complex.

Criteria on transparency provide investors with suf-

ficient information on the underlying assets, the structure of the transaction and the parties involved in the transaction, thereby promoting a more thorough understanding of the risks involved.

The form in which the information is available should not hinder transparency, but instead it should support investors in their assessment.

Criteria promoting comparability could assist investors in their understanding of such investments and enable more straightforward comparison between securitisation products within an asset class.

Although the criteria are not, of themselves, a prescription for regulatory action, the Basel Committee is exploring how these criteria could be incorporated into the securitization framework revised in December 2014.

Greg Medcraft, chairman of the IOSCO Board and of the Australian Securities and Investments Commission, said: "Since the onset of the financial crisis, securitizations have continued to be perceived as too complex, and insufficient information has been available to investors to enable them to perform their risk assessments. These criteria aim to help address some of these issues."