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Regulator mandates preneed firms to clearly identify their business name

BY DAVID CAGAHASTIAN

THE Insurance Commission (IC) has ordered all preneed companies to include in their corporate name the word “Plan” or “Plans” to distinguish and identify themselves quickly as preneed companies.

Insurance Commissioner Emmanuel F. Dooç issued Circular Letter 2015-41 imposing the requirement on all preneed companies to “avoid any confusion on the part of the public” as to the nature of their business.

“Hence, in order for an application for issuance of a preneed company’s Certificate of Authority be granted by this Commission, prospective preneed companies are hereby directed to include the word ‘Plan’ or ‘Plans’

in its corporate name upon registration with the Securities and Exchange Commission,” the circular said.

Dooç also ordered those preneed companies already licensed to transact business as a preneed company to amend their corporate name and comply with the circular within six months from August 3.

Compliance with the new circular shall be a requirement in the renewal of an

existing Certificate of Authority by the Insurance Commission, and noncompliance shall subject the violating preneed company to a fine of P10,000.

The IC has kept a close watch over the preneed industry since it assumed jurisdiction in 2010, because of the many business failures in the industry that left planholders with nothing in exchange for the premiums they paid for their preneed plans, most of them education and pension plans.

Earlier this year, Dooç required preneed companies to provide the IC with a monthly report of the withdrawals they make from the trust funds that they manage to ensure that such withdrawals are used solely to pay for the claims of planholders, and not for any other purpose.

As of August 2014, there were only about 12 operating preneed companies in the Philippines, a drastic reduction from around a hundred preneed companies in 2003.



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

MEMORANDUM CIRCULAR No. 8
Series of 2015.

TO : ALL CONCERNED

SUBJECT : **AMENDMENT ON THE GUIDELINES AND PROCEDURES ON THE USE OF CORPORATE AND PARTNERSHIP NAMES**

The Commission *En Banc* in its meeting on 2 July 2015, resolved to amend paragraph 1 of SEC Memorandum Circular No. 21, series of 2013 (Omnibus Guidelines and Procedures on the Use of Corporate and Partnership Names) dated 04 December 2013 to read as follows:

1. a) The corporate name shall contain the word "Corporation" or "Incorporated," or the abbreviations "Corp." or "Inc." respectively;
- b) The partnership name shall bear the word "Company" or "Co." and if it is a limited partnership, the word "Limited" or "Ltd." A professional partnership name may bear the word "Company," "Associates," or "Partners," or similar descriptions;
- c) The corporate name of a foundation shall use the word "Foundation";
- d) The corporate name of all non-stock, non-profit corporations, including non-governmental organizations and foundations, engaging in microfinance activities shall use the word "Microfinance" or "Microfinancing"; provided that said corporations shall state in the purpose clause of their Articles of Incorporation that they shall conduct microfinance operations pursuant to Republic Act No. 8425 or the Social Reform and Poverty Alleviation Act.

This amendment shall take effect immediately after its publication in a newspaper of general circulation.

31 July, 2015.

Mandaluyong City, Philippines.


TERESITA J. HERBOSA
Chairperson

Gaisano-led retail giant seeks to raise P6.17 B from IPO this year

By Krista A. M. Montealegre
Senior Reporter

VISAYAN retail giant Metro Retail Stores Group, Inc. of the Gaisano family plans to raise up to P6.17 billion from an initial public offering slated for November to finance its aggressive expansion binge.

In a prospectus filed with the Securities and Exchange Commission (SEC) yesterday, the Gaisano-led multi-format retailer said it is generating up to P5.61 billion from the issuance of up to 920 million shares at a maximum price of P6.10 apiece.

Key shareholders Valueshop Stores, Inc. and Vicsal Development Corp. can sell an additional 92 million shares to cover the over-allotment option. Proceeds of P561.20 million from the issuance of secondary shares will go to the selling shareholders and not to the company.

The company will have 3.44 billion shares outstanding after the offer.

A portion of the primary shares will be sold to cornerstone investors, the prospectus showed.

Depending on when Metro Retail secures the necessary regulatory approvals, the final price will be set on Oct. 29 with the offer period targeted to run from Nov. 2 to 6. The shares will be listed on the Main Board of the Philippine Stock exchange on Nov. 12.

BPI Capital Corp. and Deutsche Bank A.G., Hong Kong Branch were tapped as joint global coordinators and lead underwriters.

Net proceeds of P5.289 billion from the primary offering will be used for the expansion of store network (P3.755 billion), logistics and distribution center (P1.216 billion), and working capital requirements (P317.3 million).

Metro Retail opened its first store in Cebu City in 1982 and focused on steady growth in the Visayas during the first two decades of its operations. It launched an

expansion campaign in 2010 that increased the company's store network from 16 to 45 with a total net selling space of approximately 197,873 square meters at end-June.

The company has nine stores in Metro Manila, 10 stores in other parts of Luzon and 26 stores in the Visayas.

Next year, Metro Retail plans to open at least seven new stores, including department stores and supermarkets in Bacolod and Iloilo under arrangements with Ayala Land, Inc. and Megaworld Corp., respectively.

In addition, the company has identified 30 sites for expansion across the Philippines in the next three years and is seeking out opportunities to acquire existing retail stores and consolidate them under the Metro brand name.

Citing data from Euromonitor, Metro Retail is the third largest operator of supermarkets and department stores, and the fourth largest operator of hypermarkets in terms of retail sales value in 2014.

In the Visayas, the company is the largest department store and hypermarket operator, and the second largest supermarket operator. In Cebu alone, it is the largest retailer across those three formats.

In the first half, Metro Retail grew its net income by 21.1% to P211.3 million from P174.4 million, as revenues climbed 14.3% to P14.73 billion from P12.88 billion.

Last year, the company posted a net profit of P628.9 million, higher than the P613.5 million in 2014.

Metro Retail joins a growing list of IPO hopefuls D.M. Wenceslao & Associates, Inc. (P21.7 billion), Italphinas Development Corp. (P242 million); Gweilo Corp. (P95 million); Philstocks Financial, Inc. (P190 million); and Green Power Panay Philippines, Inc. (P290 million).

So far, only two companies — Crown Asia Chemicals Corp. and SBS Philippines Corp. — have debuted on the stock exchange this year.

Bill creates microfinance regulator

A MEASURE creating a regulatory body for microfinance nongovernment organizations (NGOs) was passed by the Senate on third and final reading on Monday.

Once enacted, Senate Bill 2752, also known as the Microfinance NGOs Act, will establish the Microfinance NGO Regulatory Council, which will be created by the Securities and Exchange Commission (SEC).

The council will institute and operationalize a system of registration, licensing and accreditation for microfinance NGOs, issue certifications, monitor their performance, require submission of reports, collect reasonable accreditation and monitoring fees, and submit annual reports to the President of the Philippines and to Congress, the bill said. Upon its creation, the council will also have the power to suspend microfinance NGOs.

For their part, microfinance NGOs are mandated to "seek accreditation from the Council as a prerequisite for engaging in the practice of microfinance in the Philippines."

The proposed law defines microfinance as "viable and sustainable provision of a broad range of financial services to poor/unbanked/financially underserved/low-income households engaged in livelihood and microenterprise activities."

Meanwhile, Microfinance NGOs are defined as "duly registered nonstock, nonprofit organizations with the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services, such as, but not limited to, micro-credit and microsavings."

Once the bill becomes law, duly-accredited microfinance NGOs "shall not be subject to any government taxes and fees imposed under the Internal Revenue Laws and other tax laws," the bill said. It also recognizes "the vital role of Microfinance NGOs in addressing poverty at the grassroots, increasing self-reliance among the poor, and expanding opportunities for them toward improving their quality of life, thereby making them distinct and different from the traditional/formal financial intermediaries and other non-bank financial institutions."

Elizabeth E. Escaño

Read the full article by scanning the QR code or typing the link
<<http://goo.gl/dYTyXg>>



Tuesday, August 11, 2015

B-10

MANILA BULLETIN
THE PHILIPPINE LEADING NATIONAL NEWSPAPER

GoldXtreme claims no CDO move from SEC

Amidst continuing media reports about the Securities and Exchange Commission's (SEC) crackdown on firms that are offering investment-type products without the proper authorization, gold trading company GoldXtreme clarified that they are not included in the SEC's Cease and Desist Order (CDO) list.

"The SEC's CDO list a publicly-viewable file that is clearly posted on their website. Anyone can log on and check it out," explained GoldXtreme legal counsel Dennis Manalo. "There are currently 73 companies included in the list, and I can assure you with 100% certainty that GoldXtreme is not one of them," Manalo emphasized.

The lawyer went on to point out that GoldXtreme actually supports the SEC initiative against unethical and unlawful companies. "The company's goal is to give hardworking Filipinos a chance to augment their income legally, by becoming gold traders," Manalo stated. "They duly registered with the SEC as a gold trading company, and have remitted Value Added Tax (VAT) to the Bureau of Internal Revenue (BIR) amounting to almost ₱44 million for the second quarter of 2015," he added.

In an earlier advisory, the SEC stated that it received reports that GoldXtreme

was soliciting investments from the public, with the promise of guaranteed returns. Manalo was quick to underscore that this was not in accordance to the company's business model and practice, and that GoldXtreme itself would sanction traders who gave this impression. "Once again, GoldXtreme's only business is to sell gold. It just so happens that they offer a commission and incentive program for existing clients who refer others to buy gold," the lawyer noted. "Furthermore, the money you make in GoldXtreme is not due to passive investing. It entails hard work and referring other customers to buy from the company."

Manalo likewise reiterated the company's full-transparency policy, and invited all government agencies to examine and analyze its operations. "GoldXtreme has absolutely nothing to hide, and in fact are happy to oblige any government agency that wants to learn more about their business operations," he said. "It is just unfortunate that some members of the media have erroneously reported that GoldXtreme has been ordered closed. This is completely and absolutely untrue, as the company continues to operate, trade, provide employment, and remit money to the government," Manalo concluded.

New investment scheme catches SEC's attention

Another investment scheme, being done by Wealth Builder Advertising (WBA), has caught the attention of the Securities and Exchange Commission (SEC) after some inquiries and reports were filed to the Commission against the fake company.

SEC said in an advisory that after receiving some inquiries and reports regarding WBA, it found out that the latter is not a registered corporation or a partnership.

"This advisory is prompted by inquiries and reports to the Commission regarding Wealth Builder Advertising (WBA) wherein investment opportunities are being offered in the form of shares priced at ₱898 per share and one can earn up to 150 percent per share or a total income of ₱1,347 per share which allegedly could be earned within 30 days to 45 days," the advisory cited.

There being no primary license,

the company is likewise not authorized to solicit investments, which also requires a secondary license as provided under the section 8.1 of the Securities and Regulation Code (SRC).

SEC reminded the public that securities must be registered with the SEC, through the issuance of a secondary license, before being offered or sold.

Any entity that offers and or sells the same without the requisite or revoked license is violating the SRC.

True enough, WBA is claiming in its website that is giving the public an access to its shares.

"WBA is an advertising company and online store such as OLX, Ayos-Dito, Facebook, Google, Ebay, Lazada, Amazon, and others. The company generates income from there that it uses to give to members. Some companies that sell gadgets are already ready to display their items in WBA. There are also some traditional companies that are in talks [with WBA] about their products," the company said in its website.

Gold trading firm clarifies SEC list

GOLD trading company GoldXtreme said Monday is not included in the cease-and-desist order list of the Securities and Exchange Commission, amid reports of a crackdown on companies that are offering investment-type products without proper authorization.

"The SEC's CDO list is a publicly-viewable file that is clearly posted on their Web site. Anyone can log on and check it out," said GoldXtreme lawyer Dennis Manalo.

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CLASSIFIEDS

TUESDAY, AUGUST 11, 2015

B5

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31 July, 2015.

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TERESITA J. HERBOSA
 Chairperson

(PDI - August 11, 2015)

Alsons earns 41% more in H1

By DANESSA O. RIVERA

Alsons Consolidated Resources Inc., the publicly-listed holding company of the Alcantara Group, posted a 41 percent hike in profits in the first six months of 2015 on the back of robust sales of its power generation business.

The company told the Philippine Stock Exchange its January to June net income amounted to P218.9 million, an improvement from P155.5 million in the first half of 2014.

Alsons booked revenues of P2.5 billion in the first half of 2015, identical to the company's revenues for the same period in 2014, from its three operating diesel power plants in Mindanao.

These plants sold 12 percent more electricity during the period to 709 gigawatts per hour (gwh) in 2015 from 633 gwh in 2014, triggered by the continuous shortage of power in Mindanao.

Its operating power generation facilities are: the 103-megawatt (MW) diesel power plant of Mapalad Power Corp.

in Iligan City; the 55-MW power plant of Southern Philippines Power Corp. in Alabel, Sarangani; and the 100-MW Western Mindanao Power Corp. plant in Zamboanga.

Alsons said gross profit in the first half of 2015 rose 27 percent to P972 million from P766 million in the same period last year due to lower cost of sales figures, driving gross profit margins to improve to 39 percent in 2015 from 31 percent in 2014.

The company said it is also developing coal-fired power facilities to help provide a stable source of baseload power for Mindanao and ensure long-term power security for the island.

These facilities are: the 105-MW San Ramon Power Inc. plant in Zamboanga City and the 210-MW Sarangani Energy Corp. plant in Maasim, Sarangani.

Between the two, the Sarangani plant is in the advanced stages of construction

and will begin commercial operations within the first quarter of 2016 with an initial capacity of 105 MW and is expected to operate at its full 210 MW capacity in 2018.

In the same disclosure, Alsons said the Securities and Exchange Commission (SEC) approved its declaration of wholly-owned subsidiary ACR Mining Corp. (ACRMC) as a property dividend.

Under the property dividend, shareholders of Alsons as of the projected record date will receive shares in ACRMC.

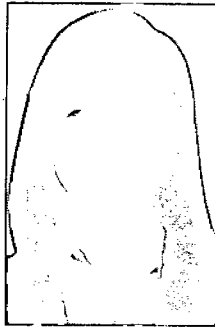
ACRMC currently has rights to a 75 percent participating interest in a joint venture to develop a mining project covering 1,547.32 hectares in Nabunturan, Davao del Norte and Maco, Compostela Valley.

The company said the actual distribution of the ACRMC shares can be made only after obtaining clearances and approvals from other regulatory agencies, which will be announced soon after gaining said clearances.

By JULIET MARIE M. GUEVARA

Last but not the least

At long last, the Philippines has a national competition policy. The President signed the Philippine Competition Act [Republic Act (RA) No. 10667] into law last July 21, 2015. The law prohibits anti-competitive agreements, abuse of one's dominant market position, and anti-competitive mergers and acquisitions. To implement the said policy, the law establishes the Philippine Competition Commission (PCC) as an independent quasi-judicial body attached to the Office of the President.



Under RA No. 10667, anti-competitive agreements, such as those which restrict competition as to their terms of trade and price, price fixing along with other bid manipulation practices are *per se* prohibited by the law. Similarly prohibited are agreements between or among competitors that substantially prevent or restrict competition by limiting and controlling production or investment, and dividing or sharing the market by any means.

The law further proscribes entities from abusing their dominant position in their respective markets by means that would prevent or restrict competition. Conduct that may be considered as abuse of dominant position include, among others, the sale of goods and services below cost to drive out competitors, hindering the growth of competitors in a specific market, imposing unfair prices, and limiting production or technical development to the prejudice of consumers.

In the disposition of cases involving these prohibited acts, the law enumerates the duties of the PCC and lists down the factors to be considered in determining an anti-competitive agreement.

RA No. 10667 does not prohibit all transactions that restrict competition such as when the transaction contribute to the production and distribution of good and services, or promotes technical and economic progress, and in the end benefits the consumer.

With certain exemptions, RA 10667 likewise prohibits anti-competitive merger or acquisition agreements that prevent or lessen competition in a relevant market. A significant provision in the law gives the PCC the authority to review mergers and acquisitions based on factors the PCC deems relevant. Moreover, compulsory notifications to the PCC are required from the parties to the merger/acquisition where the value of the agreement exceeds P1 billion. Failure to notify the PCC would render as void the consummated merger/acquisition and subject the parties thereto to an administrative fine ranging from one to five percent of the transaction.

Considering the novelty of this national competition policy, the law is not entirely in practice as of yet since the rules and regulations necessary to implement RA No. 10667 has not been issued. Nevertheless, entities affected by this new policy have two years from its enactment to renegotiate their agreements or restructure their businesses in compliance with RA 10667.

As a member state of the Association of Southeast Asian Nations (Asean), the enactment of RA 10667 was just in time, if not a little late, to achieve the country's commitment to a regional economic integration through the Asean Economic Community (AEC) by the end of 2015.

The Philippines was the last of the five founding states of the Asean to have a fair competition policy, but it cannot be said to be the least in this facet. Although up until now, it had no integrated and comprehensive fair competition policy, the Philippines actually has existing fair competition laws spread out in the different regulations and specific industry policies.

The Philippine Constitution mandates the regulation and prohibition of monopolies disallowing combinations in restraint of trade and unfair competition. Pursuant to this constitutional goal, the Cheaper Medicines Act and the Downstream Oil Industry Regulation Act prohibits the manipulation of prices that restrict competition. Meanwhile, unfair practices and anti-competitive acts are prohibited under the Consumer Act and the Electric Power Industry Reform Act (EPIRA).

Along with other recently passed laws and economic reform policies, the passing into law of a national competition policy is one of the distinct endeavors of Asean member states in order to implement the AEC. The presence of a national competition policy would provide a "level-playing field" for businesses thereby encouraging competition in the market. A competitive market provides us consumers with more options and alternatives in our choice of goods and services. This not only protects the business processes, but more so the consumers. In this aspect, a national competition policy benefits consumers the most.

However, consumer welfare alone does not lead to economic efficiency. For the economy to grow and develop, consideration must also be given to market players, especially domestic players. The issue lies on whether our local businesses can actually compete in such an open market where big players can freely participate. The question remains whether small local businesses can compete with other participants in terms of quality, quantity, cost or price, especially under the scrutiny of a well-informed consumer. Nonetheless, the creation of a national competition policy encourages all economic parties, businesses and consumers alike, towards a more progressive national economy.

The passing of the Philippine Competition Act fulfills the Philippines' obligation under the AEC which aims to create a highly competitive economic region by uniting its member states into a single market and production base. The end goal is to create a region fully integrated into the global economy. The establishment of a national competition policy not only equips the Philippines for regional and global economic integration under the AEC, but most importantly, it reinforces the Philippines as a country by addressing the issues of its national economy while promoting a competitive one at that.

Juliet Marie M. Guevara is a supervisor from the tax group of R.G. Manabat & Co. (RGM&Co.), the Philippine member firm of KPMG International.

This article is for general information purposes only and should not be considered as professional advice to a specific issue or entity.

The views and opinions expressed herein are those of the author and do not necessarily represent the views and opinions of KPMG International or RGM&Co. For comments or inquiries, please email ph-inquiry@kpmg.com or rgmanabat@kpmg.com.

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