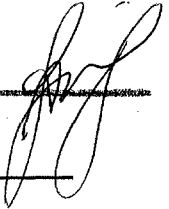


THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

04 JUN 30 12:01

SENATE
S. NO. 31

RECEIVED BY: 

Introduced by Senator Flavier

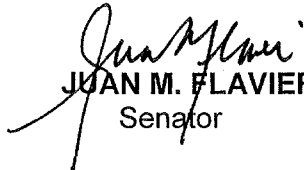
EXPLANATORY NOTE

The practice of "insider trading" – when a person with privileged access to inside corporate information cashes in his access - - imposes an especially onerous burden for a developing country like ours. Generally, it has merited legislation on the ground that it is so unfair to other investors that government must step in. But for the Philippines, there is much more at stake than the fairness among investors: "insider trading" stunts the growth of the Philippine capital market and retards our efforts at national development.

The bill addresses that overriding public concern by barring brokers of securities from positions of privileged access to corporate information. It ensures that the persons who stand to profit most from inside information are kept away from the direct sources of that information. To quote a learned expert, it "levels the trading floor" by reducing the "potential information disparities among brokers and investors."

This measure shall stamp out a rampant and blatant arrangement so conducive to insider trading. It will go a long way in ensuring the stability and efficiency of our capital market.

Passage of this bill is strongly urged.


JUAN M. FLAVIER
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
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'04 JUN 30 P12:01

SENATE

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AN ACT
DISQUALIFYING BROKERS, DEALERS AND SELLERS OF SECURITIES
FROM BECOMING DIRECTORS, TRUSTEES OR OFFICERS OF ANY
PUBLICLY LISTED CORPORATION, AMENDING FOR THE PURPOSE
SECTION 27 OF BATAS PAMBANSA BILANG 68, OTHERWISE KNOWN AS
THE CORPORATION CODE OF THE PHILIPPINES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 27 of Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines is hereby amended by adding a new paragraph thereto and to read follows:

SEC. 27. x x x

- (a) "FURTHERMORE, NO PERSON SHALL QUALIFY AS A DIRECTOR, TRUSTEE, OR OFFICER OF ANY PUBLICLY LISTED CORPORATION WHO IS ACTUALLY ENGAGED IN BUSINESS AS A BROKER, DEALER OR SELLER OF SECURITIES, THAT PERSON SHALL BE DISQUALIFIED REGARDLESS OF WHETHER OR NOT HE IS REGISTERED AS A BROKER, DEALER OR SELLER UNDER SECTION 19 OF THE REVISED SECURITIES ACT AND WITHOUT PREJUDICE TO HIS LIABILITIES HEREUNDER IF HE FAILS TO REGISTER."

SEC. 2. All other laws, decrees, orders, or rules and regulations or parts thereof contrary to the provisions of this Act are hereby repealed or modified accordingly.

SEC. 3. This Act shall take effect upon its approval.

Approved,