



SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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SENATE  
P.S. Resolution No. 1487

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Introduced by Senator Ralph G. Recto

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**A RESOLUTION  
DIRECTING THE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND  
CURRENCIES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, AS TO THE  
EFFICACY, EFFECTIVENESS AND GENERAL STATE AND PERFORMANCE OF  
INITIAL PUBLIC OFFERINGS IN THE COUNTRY FROM 2004 TO 2014 IN ORDER  
TO PREPARE AND ENHANCE THE LOCAL MARKET FOR ASEAN INTEGRATION**

WHEREAS, the Philippines is a member of the ASEAN Capital Markets Forum (ACMF) comprising securities regulators from 10 ASEAN jurisdictions, namely Brunei Darussalam, Cambodia, Indonesia, Laos PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam;

WHEREAS, the AEC blueprint 2015 pertaining to capital markets seeks to achieve significant progress in building a regionally integrated market, where within the region: 1) capital can move freely; 2) issuers are free to raise capital anywhere; and 3) investors can invest anywhere. In such a market, anyone would be able to trade in ASEAN capital market products freely in any ASEAN market at a competitive fee from a single access point, with capital market intermediaries being able to provide services throughout ASEAN based on home country approval;

WHEREAS, Article 2, Section 20 of the Constitution states, "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, Article 3, Section F, Sub-section 1 of the Revised Code of Corporate Governance of the Securities and Exchange Commission states, "It is the Board's responsibility to foster the long-term success of the corporation and to sustain its competitiveness and profitability in a manner consistent with its objectives and the best interests of its stockholders and other stakeholders";

WHEREAS, the Revised Code of Corporate Governance of the Securities and Exchange Commission, Article 3, Section F, Sub-section 1, Paragraph C, in relation to the functions of a

corporation's board of directors states that it must, "Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices";

WHEREAS, the primary purpose of Initial Public Offering (IPO) is to increase capital in a cost-effective way without draining the company's cash reserve;

WHEREAS, IPO is also a way employed to encourage public participation in stock transactions;

WHEREAS, IPO is a process that a company has to go through for it to become listed in the Philippine Stock Exchange;

WHEREAS, IPO is heavily reliant on the participation of the public, thus there is a need to assess and review the effectiveness of this process;

WHEREAS, it is necessary to acknowledge the role of the investing public and minority shareholders in contributing to a company's development

WHEREAS, there has been a dip in the number of companies wanting to engage in the process of IPO based on a study conducted by the National Tax Research Center in the year 2011;

WHEREAS, according to the study of the National Tax Research Center, IPO have not contributed much in the country's local stock exchange;

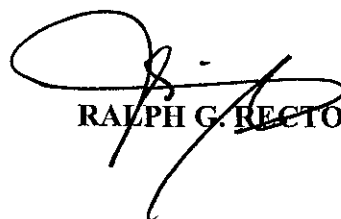
WHEREAS, there have been instances in the past years of publicly listed companies being delisted due to corporate mismanagement;

WHEREAS, there are now schemes where IPOs are done to facilitate fraud on investors;

WHEREAS, in fulfilling its mandate of regulating a competitive free market, the Philippine Stock Exchange and Securities and Exchange Commission should perform their roles as regulators by imposing stricter rules and perform further studies on companies applying for listing to ensure its viability and management stability;

*WHEREFORE, BE IT RESOLVED*, by the Philippine Senate, to direct the Committee on Banks, Financial Institution and Currencies conduct an inquiry, in aid of legislation, to assess the general state of IPO in the country.

Adopted,

  
RALPH G. RECTO