

**CLARIFICATORY NOTE No. 17-001**

**Subject: Compulsory Notification in Voting Securities Acquisition**

1. This Clarificatory Note is issued as a guide to the public on the coverage of the compulsory notification under the Republic Act No. 10667, otherwise known as the "Philippine Competition Act" and its Implementing Rules and Regulations ("IRR").
2. Rule 4 Section 2(b) of the IRR identifies the Notifying Parties required to submit the Notification Form, thus:

"If notice to the Commission is required for a merger or acquisition, then all acquiring and acquired pre-acquisition ultimate parent entities or any entity authorized by the ultimate parent entity to file notification in its behalf must each submit a Notification Form (the "Form") and comply with the procedure set forth in Section 5 of this Rule. The parties shall not consummate the transaction before the expiration of the relevant periods provided in this rule."

3. Rule 4 Section 5 (e) (iii) of the IRR provides for the commencement date of the waiting period, thus:

"Except as described below, the waiting period begins after all notifying entities have filed their respective Forms, together with the corresponding certifications and affidavits, and have been notified by the Commission that the Forms are complete.

(1) In voting securities acquisitions such as tender offers, third party and open market transactions, in which the acquiring entity proposes to buy voting securities from shareholders of the acquired entity, rather than from the entity itself:

x x x

iii. the waiting period begins after the acquiring entity files a complete Form."

4. Rule 4, Section 2(b) shall be read in conjunction with Rule 4, Section 5 (e)(1)(iii).
5. The acquired entity in a voting securities acquisition (such as tender offers, third party and open market transactions, in which the acquiring entity proposes to buy voting securities from shareholders of the acquired entity, rather than from the

entity itself) is required to submit its Notification Form (the “Form”) no later than ten (10) calendar days from the day the Acquiring Entity files its Form. If the tenth day falls on a Saturday, Sunday or holiday, the Form may be submitted by the acquired entity on the next business day.

6. Failure of the acquired entity to submit the Form within the period stated in paragraph 5 may lead to insufficient information necessary for the review of the transaction, such that the Commission will be unable to complete its review within the initial thirty (30) day period. As a consequence, the Commission may be constrained to proceed to a Phase II review of the transaction.
7. This Clarificatory Note is issued only for the purpose of giving clarity and guidance to all concerned. The Commission may modify or revise as it deems necessary.

Pasig City, Philippines

23 February 2017