NOTICE

TO : ALL CONCERNED

SUBJECT : REQUEST FOR COMMENTS ON THE DRAFT MEMORANDUM CIRCULAR ON THE MINIMUM PUBLIC OWNERSHIP RULE FOR ISSUERS OF SHARES OF STOCK TO BE LISTED ON AN EXCHANGE

In its meeting held on 27 November 2025, the Commission En Banc resolved to expose the Draft Memorandum Circular on the Minimum Public Ownership Rule for Issuers of Shares of Stock to be Listed on an Exchange for public comment.

The draft Memorandum Circular provides a tiered approach to public ownership requirements, calibrated to issuer size and intended to balance multiple policy considerations, including market liquidity, investor protection, capital formation, and overall market competitiveness. In developing the proposed framework, the Commission also considered observations on market absorptive capacity and prevailing investor risk appetite, as well as global and regional shifts in initial public offering activity and evolving approaches in peer markets.

To assist the Commission in undertaking a thorough and informed policy review, stakeholders are encouraged to provide comprehensive feedback, including supporting data, analysis, and recommendations. Submissions may address any provision of the Draft Memorandum Circular or offer alternative approaches.

Stakeholders are invited to submit comments, suggestions, and/or inputs on or before **23 December 2025** to policyfeedback@sec.gov.ph with subject line:

[NAME OF ORGANIZATION] – Comments on the MPO Framework.

Issued 03 December 2025.

Securities and Exchange Commission PHILIPPINES

SEC MEMORANDUM CIRCULAR NO. __
Series of 2025

TO	**:**	**ALL CONCERNED**
SUBJECT	**:**	**MINIMUM PUBLIC OWNERSHIP RULE FOR ISSUERS OF SHARES OF STOCK TO BE LISTED ON AN EXCHANGE**

WHEREAS, Section 2 of the Securities Regulation Code (SRC) declares that it is the policy of the State, among others, to promote the development of the Philippine capital market and encourage the widest participation of ownership in enterprises;

WHEREAS, Section 5 (b) of the SRC provides that the Commission has the power to formulate policies and recommendations on issues concerning the capital markets;

WHEREAS, Section 8.1 of the SRC provides authority to the Commission to approve applications for registration of securities before being sold, offered for sale or distributed within the Philippines on the basis of the registration statement filed with the Commission;

WHEREAS, Sections 12.1 and 12.2 of the SRC also authorize the Commission to prescribe the form, information and documents that shall be contained in any registration statement, to dispense with any of said requirements and to require additional information or documents;

WHEREAS, Section 12.6 further authorizes the Commission to impose such terms and conditions as may be necessary or appropriate for the protection of investors before taking any action on a filed registration statement;

WHEREAS, the public ownership of a company is determined through its public float;

WHEREAS, global Initial Public Offering (IPO) activity remains uneven across regions, with overall listings still below the peak periods of previous market cycles;

WHEREAS, in response to these conditions, several markets have adopted more facilitative regulatory approaches to reinvigorate domestic IPO activity, including rationalizing listing requirements, enhancing flexibility in free-float thresholds, and reducing compliance burdens for issuers without compromising investor protection;

WHEREAS, the Philippines must remain competitive relative to peer markets in attracting companies to list, especially in a global environment where issuers may consider alternative venues for capital raising or delay their IPO plans when faced with stringent or inflexible regulatory thresholds;

WHEREAS, the relatively low number of IPOs in recent years, together with emerging constraints in the domestic market's absorptive capacity for large offerings, reflected in shifts in liquidity conditions, investor allocation patterns, and prevailing risk appetite, underscores the need to review and recalibrate minimum public ownership requirements to ensure that issuance thresholds are responsive to current market realities;

WHEREAS, while the benefits of broader public ownership, including deeper liquidity, improved price discovery, reduced volatility, a more dispersed shareholding structure, and enhanced governance, remain vital to the development of the Philippine capital market, these must be balanced against the equally important objective of ensuring that the regulatory framework does not impose undue burdens that may discourage sizeable issuers from accessing public markets;

WHEREAS, a tiered minimum public ownership framework provides a proportionate and market-aligned approach that preserves the long-term benefits of adequate public float while addressing potential constraints in demand absorption for large issuances, thereby supporting capital formation and encouraging more companies to pursue listing in the Philippines;

WHEREAS, the SRC authorizes the Commission to issue rules and regulations to make effective the provisions of the SRC;

NOW, THEREFORE, the Commission hereby issues and promulgates the following rules and regulations governing the public ownership requirement of companies intending to undertake initial public offering as part of the terms and conditions for the registration of securities.

Section 1 – Definition of Terms

A. **Commission** shall refer to the Securities and Exchange Commission.

B. **Public Float** shall refer to the portion of a company's issued and outstanding shares that are freely available and tradable in the market and are non-strategic in nature or those not meant for the purpose of gaining substantial influence on how the company is being managed.

   Significant shareholdings of 10% or more of the total issued and outstanding shares of the company are considered strategic and thus, excluded in the public float of the company.

C. **Minimum Public Ownership (MPO)** shall refer to the lowest allowable percentage of Public Float of a Publicly Listed Company (PLC).

D. **Rules** shall refer to these Rules and Regulations on MPO on Initial Public Offerings.

Section 2 – Coverage

Unless otherwise provided for by law, these rules shall apply to any company applying for the registration of its shares of stocks for the purpose of conducting an IPO. Said company shall herein be referred to as "covered company."

Section 3 – Minimum Public Ownership Requirement

A. A covered company filing a registration statement pursuant to Sections 8 and 12 of the SRC with the intention to list their shares for trading on an exchange shall apply for registration with a public float that meets minimum requirements provided below:

Tier	Expected Market Value at the Time of Listing (x)	Minimum Initial Public Float
I	x ≤ PHP 500M	33%
II	PHP 500M < x ≤ PHP 1B	25% (subject to a minimum public float of PHP 165M)
III	PHP 1B < x ≤ PHP 50B	20% (subject to a minimum public float of PHP 250M)
IV	PHP 50B < x ≤ PHP 150B	15% (subject to a minimum public float of PHP 10B)
V	x > PHP 150B	12% (subject to a minimum public float of PHP 22.5B)

B. A covered company shall be classified into its assigned tier based on its expected market value at the time of its IPO, consistent with the tier thresholds set forth above.

Section 4 – Maintenance and Post-Listing Minimum Public Ownership Requirement

A. A covered company shall at all times, maintain a public ownership percentage equal to or greater than the prescribed minimum maintaining public ownership corresponding to its assigned tier at the time of listing, as follows:

Tier	Minimum Maintaining Public Ownership
I, II, III	20%
IV	15%
V	12%

B. If the public ownership of a covered company falls below its prescribed minimum maintaining public ownership at any time after registration, such company shall bring the public float to the required level within a maximum period of twelve (12) months from the date of such fall.

C. Notwithstanding the quarterly public ownership report requirement of the Exchange, a covered company shall establish and implement an internal policy and procedure to monitor its MPO and shall immediately report to the Commission within the next business day if its public float level has fallen below the required minimum. Further, a covered company shall submit to the Commission within ten (10) days after obtaining knowledge about the deficiency in its MPO, a time bound business plan describing the steps that the company will take to bring the public float to the required level within a maximum period of twelve (12) months from the date of such decline.

D. A covered company shall submit to the Commission a Public Ownership Report and progress report on the submitted business plan within fifteen (15) days after the end of each month until such time that its public float reaches the required level.

E. Companies who made their IPOs before the effectivity of these rules shall be subject to the maintenance requirement of 20% provided under SEC Memorandum Circular No. 13, series of 2017.

F. This requirement on MPO shall form part of the requirements for the registration of a covered company's shares of stocks.

Section 5 – Effect on Rules on Minimum Public Float Issued by an Exchange

Unless otherwise declared by the Commission herein or in any other rules, orders or circulars issued by the Commission, these Rules are not meant to amend the existing rules and/or guidelines of an exchange on minimum public float that have been duly approved by the Commission.

Section 6 – Monitoring and Policy Review

The Issuer and the Underwriters shall submit a post-transaction report on the bookbuilding process within 10 days from the completion of the offer. The report shall include, at a minimum, a summary of investor demand by price and volume tiers, and such other information as may be necessary to evaluate the pricing and allocation outcomes of the offering.

This submission shall be treated as confidential supervisory information and shall be used by the Commission exclusively for market-oversight purposes and for the periodic review and assessment of the appropriateness and effectiveness of the minimum public ownership policy and related regulatory requirements.

Section 7 – Sanctions and Penalties for Non-Compliance

Non-compliance with any of the requirements and procedures herein shall subject a covered company to the administrative sanctions provided under Section 54 of the SRC, including the initiation of suspension and/or revocation proceedings against their Registration Statements pursuant to the pertinent provisions of the SRC, if warranted.

Section 8 – Repealing Clause

Any other existing Commission rule, circular, order, memorandum, or any part thereof, and such other rules approved by the Commission, that are inconsistent or in conflict with the foregoing are hereby repealed or modified accordingly.

Section 9 – Effectivity

These rules shall take effect immediately following the completion of its publication in two (2) newspapers of general circulation in the Philippines.

Done this ______ in Makati City, Philippines.

For the Commission:

FRANCISCO ED. LIM
Chairperson