

Philippine Stock Exchange index (PSEi)

7,388.09

▲ 84.07 PTS.

▲ 1.15%

THURSDAY, MARCH 3, 2022

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P848.00 -P11.50 -1.34%	ACEN AC Energy Corp. P8.34 +P0.24 +2.96%	AEV Aboitiz Equity Ventures, Inc. P62.40 +P1.40 +2.30%	AGI Alliance Global Group, Inc. P12.90 -P0.20 -1.53%	ALI Ayala Land, Inc. P38.00 +P0.10 +0.26%	AP Aboitiz Power Corp. P34.55 -P1.10 -3.09%	BDO BDO Unibank, Inc. P131.00 ---	BPI Bank of the Philippine Islands P98.50 +P0.35 +0.36%	CNVRG Converge ICT Solutions, Inc. P26.75 +P0.85 +3.28%	EMP Emperador, Inc. P19.36 +P0.24 +1.26%
GLO Globe Telecom, Inc. P2,560.00 -P16.00 -0.62%	GTCAP GT Capital Holdings, Inc. P590.00 +P3.00 +0.51%	ICT International Container Terminal Services, Inc. P228.00 +P10.00 +4.59%	JFC Jollibee Foods Corp. P242.80 +P4.00 +1.68%	JGS JG Summit Holdings, Inc. P61.00 -P0.70 -1.13%	LTG LT Group, Inc. P9.54 +P0.13 +1.38%	MBT Metropolitan Bank & Trust Co. P57.50 +P0.40 +0.70%	MEG Megaworld Corp. P3.18 -P0.03 -0.93%	MER Manila Electric Co. P361.20 +P11.20 +3.20%	MONDE Monde Nissin Corp. P14.84 -P0.30 -1.98%
MPI Metro Pacific Investments Corp. P3.80 -P0.01 -0.26%	PGOLD Puregold Price Club, Inc. P35.15 -P1.25 -3.43%	RLC Robinsons Land Corp. P20.00 ---	SECB Security Bank Corp. P113.80 -P0.70 -0.61%	SM SM Investments Corp. P957.00 +P27.00 +2.90%	SMC San Miguel Corp. P107.40 -P0.20 -0.19%	SMPH SM Prime Holdings, Inc. P39.25 +P0.85 +2.21%	TEL PLDT, Inc. P1,830.00 +P80.00 +4.57%	URC Universal Robina Corp. P120.80 +P1.00 +0.83%	WLCON Wilcon Depot, Inc. P27.65 -P1.25 -4.33%

SEC strengthens rules on removal, ban from firms

By Keren Concepcion G. Valmonte Reporter

THE Securities and Exchange Commission (SEC) is strengthening its rules on the disqualification and removal of the directors, trustees, and officers of companies "in line with its commitment to ensure good corporate governance in the country."

SEC Memorandum Circular No. 4, Series of 2022 was issued on Feb. 15 and published online on March 2.

"The memorandum circular covers pleadings, practices and procedures before the SEC in all matters of hearing and proceedings for independent administrative actions for the removal of directors; removal of directors, trustees, and officers as a sanction in the Commission's proceedings; and imposition of sanctions on the board of directors or trustees who, with knowledge of disqualifica-

tion, failed to remove a disqualified director or trustee," the SEC said in a statement on Thursday.

The said memorandum operationalizes Sections 26 and 27 of the Revised Corporation Code of the Philippines (RCC) or Republic Act No. 11322.

Section 26 provides grounds for an executive's disqualification, while Section 27 allows the commission to order the removal of a director or trustee elected, despite the disqualification, upon verified complaint and after due notice and hearing.

"Under the rules, disqualification refers to the fact or condition that disqualifies a person from being a director, trustee, or officer, while removal pertains to the act of taking away a person from such position," the SEC said.

The disqualification guidelines apply if the director, trustee, or officer commits violations stated within five years before their election or appointment or during their tenure as a company executive.

A person may be disqualified if they have been convicted by final judgment of an offense punishable by being imprisoned for over six years or for violating or having an offense involving fraudulent acts punishable by the RCC or the Securities Regulation Code on top of other rules implemented by the SEC.

An individual may also be disqualified if they were found administratively liable by a foreign court or an equivalent foreign regulator for misconduct related to the ones stated under the RCC.

The director, trustee, or officer may also be disqualified if they were found administratively liable by final judgment by not allowing the inspection and/or reproduction of corporate records.

"An independent administrative action for the removal of a director, trustee, and/or officer of a corporation may be commenced upon the motu proprio issuance of a formal charge by the SEC operating department that

has jurisdiction over the subject matter, or upon filing of a verified complaint with the operating department," the SEC said.

The SEC operating department concerned may dismiss the complaint if it was filed without complying with requirements or if the commission or the operating department has no jurisdiction over the subject matter.

The regulator may also dismiss the complaint if there is already a pending action or if a complaint was filed beforehand regarding the same matter or issues in any court, tribunal, or agency. It may also be dismissed if there is insufficient evidence to support the complaint's allegations.

"On the other hand, a summons will be issued to the respondent/s should authority to act over the complaint be established by the SEC. The respondent/s will be given 15 days from receipt of the formal charge or summons to file a verified answer," the SEC said.

If the respondent does not issue an answer, the commission may go forward with a judgment on the complaint. The SEC may also schedule a clarificatory hearing.

The procedures on the decisions, resolutions, final orders, appeals and motions for reconsideration will be done according to the 2016 SEC Rules of Procedure.

Meanwhile, the SEC may remove a director, trustee, and/or officer of a corporation if it establishes grounds that the individual may be disqualified from his/her post following an administrative or adjudicative proceeding.

"The SEC will first issue an order directing the director, trustee, and/or officer of the corporation to show cause why they should not be disqualified from their position or be administratively penalized," the commission said.

Similar to the procedures on disqualification, the respondent will be given the opportunity to file a response within 15 days from notification. The SEC may

go ahead motu proprio with a judgment to impose sanction/s "as the evidence presented or established in the course of the proceedings may warrant."

If a one-person corporation's sole director is removed, the SEC said the nominee will take the place of the single stockholder as director and the nominee will also be put in charge of the corporation's affairs.

The regulator may also opt to issue a permanent cease-and-desist order and/or slap a monetary penalty of P10,000 to P400,000 for every violation of its orders or any relevant laws and regulations.

The commission will also record all orders, decisions, or resolutions involving the removal of a director, trustee, and/or officer of a corporation via a Removed Directors, Trustees, and Officers Index. Its access is limited to the SEC unless they receive authorization from the concerned individual and approval from the SEC operating department's director.

PLDT eyes over P50B from sale of towers, lowers capex

By Arjay L. Balinbin Senior Reporter

PLDT, Inc. on Thursday said it expects more than P50 billion from the sale of its 6,000 towers to global tower companies this year, which will be used to pay down debts.

PLDT also announced that its capital expenditure (capex) guidance for the year has been set at P76 billion to P80 billion, lower than the P89 billion capex last year.

"We're pleased to report that the bids we've received are north of the P50 billion, so that should provide us with a bit of liquidity to reduce debts moving forward," PLDT Chairman Manuel V. Pangilinan said during a briefing.

Alfredo S. Panlilio, president and chief executive officer of PLDT and its

unit Smart Communications, Inc., said six global tower companies are vying for the towers, which will be awarded in the second quarter of the year.

"These players have massive investments globally," he noted.

The PLDT group has around 12,000 towers nationwide.

PLDT Chief Finance Officer Anabelle L. Chua said that capex for 2022 is expected to be lower by up to P13 billion and to decline to below 40% of service revenues.

"One of the major goals this year is to realize positive free cashflow," Mr. Pangilinan said.

The company also expects its consolidated service revenues to grow by mid-single-digit in 2022 and telco core income, which excludes the impact of asset sales and Voyager Innovations, Inc., to be up to P33 billion.

PLDT's net income for 2021, which includes exceptional costs, grew by P2.1 billion or 9% to P26.4 billion.

Its total service revenues for 2021 went up 6% to P182.1 billion from P171.5 billion in 2020.

"2021 proved to be record-breaking year for PLDT as we delivered all-time highs across the board despite the challenges brought about by the pandemic, calamities and hyper competition," Mr. Panlilio said.

Broken down, revenues from the company's consumer and enterprise segments increased 7% to P176.1 billion from P165.3 billion.

Its telco core income rose 8% to P30.2 billion last year from P28.1 billion in 2020.

The company's EBITDA, or earnings before interest, taxes, depreciation, and

amortization, reached P96.2 billion in 2021, up 8% from P88.8 billion previously.

Mr. Pangilinan said: "We are determined to strengthen our financial standing as we focus on generating positive free cashflow."

"After years of massive spending on infrastructure, we are transitioning to a more deliberate approach to our capital expenditures, having built the country's most extensive networks. We are also renewing efforts to throttle down on operating expenses to further enhance our EBITDA," he added.

PLDT shares rose 4.57% or P80 to close at P1,830 apiece on Thursday.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls.

DMCI Mining net income hits P1.4B

DMCI Mining Corp. on Thursday said its core net income more than doubled last year to P1.4 billion from P575 million previously due to deferred tax liability re-measurement.

"2021 was a banner year for us. We were able to take advantage of the strong China demand and elevated nickel prices because our two mining assets were operational the whole year," DMCI Mining President Tulsi Das C. Reyes said in a media release.

The latest profit figure excluded a nonrecurring income of P247 million. Revenues grew 63% to P4 billion in 2021 from P2.5 billion in the earlier year.

The mining company said it shipped 1.9 million wet metric tons (WMT) of nickel ore in 2021, higher by 18% than 1.6 WMT the previous year.

Due to surging nickel prices, shipments nearly tripled the company's net income to P1.7 billion from P575 million.

Of the total nickel ore shipments, more than 1 million WMT came from Berong Nickel Corp. while Zambales Diversified Metals Corp. accounted for nearly 900,000 WMT.

"We expect significant market volatility due to the worsening conflict between Russia and Ukraine. The economic sanctions on Russia will lead to significant supply disruptions," said Mr. Reyes.

DMCI Mining is a wholly owned subsidiary of the Consunji-owned DMCI Holdings, Inc., which holds businesses in general construction, coal and nickel mining, power generation, real estate development, water concession and manufacturing.

In the third quarter of 2021, DMCI Holdings attributable net income rose 112.8% to P3.99 billion from P1.88 billion in 2020.

For the January-September period last year, attributable net income increased 244.6% to P13.5 billion from P3.9 billion.

DMCI Holdings shares went up 35 centavos or 3.92% to close at P9.27 at the stock exchange on Thursday. — **Luisa Maria Jacinta C. Jocsen**

ICTSI income surges to \$429M

LISTED port operator International Container Terminal Services, Inc. (ICTSI) saw its attributable net income for 2021 surge to \$428.6 million from \$101.8 million a year earlier, mainly due to higher operating income.

The company's gross revenues from port operations increased 23.9% to \$1.9 billion in 2021 from \$1.5 billion previously, it said in a media release on Thursday. Its expenses were reduced 4.7% to \$1.1 billion from \$1.2 billion in 2020.

It said last year's net income attributable to equity holders was 321% higher "mainly due to higher operating income and nonrecurring charges in 2020; partially offset by increase in depreciation and amortization resulting from the new terminals; higher interest on loans, concession rights payable, and lease liabilities; additional impairment charges on other nonfinancial assets; and charges associated with the prepayment of loan facilities at Victoria International Container Terminal."

The company's equity in net loss of joint ventures was down to zero in 2021 from a \$12.27-million loss in 2020

mainly due to its share in higher net income in Manila North Harbour Port, Inc. and lower net loss at Sociedad Puerto Industrial Aguadulce S.A. in 2021.

It handled consolidated volume of 11,163,473 twenty-foot equivalent units (TEUs) in 2021, higher by 10% compared with the 10,193,384 TEUs handled in 2020 primarily due to volume growth and improvement in trade activities as economies recover from the impact of the pandemic and lockdown restrictions.

The company also noted that it has no exposure to investments in Ukraine or Russia, which recently launched a military attack on the former.

"The scale and duration of these developments and event remain uncertain as of March 1, 2022. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects, and could have a material impact on the group's financial results for the rest of 2022 and even periods thereafter," it added.

ICTSI shares closed 4.59% higher at P228 each on Thursday. — **Arjay L. Balinbin**

SEC issues halt order against RGS World Marketing, PawisNgPinoy

THE Securities and Exchange Commission (SEC) has issued cease-and-desist orders against RGS World Marketing Corp. and PawisNgPinoy Online Investment for their respective illegal investment programs.

The commission, sitting en banc, is calling on the two entities to stop promoting their investment programs as these are not registered with the SEC. The regulator issued two separate orders dated March 1.

Investigations done by the SEC Enforcement and Investor Protection Department (EIPD), SEC Bacolod Extension Office (BacEO), and the SEC Iloilo Extension Office revealed that RGS World has been selling and/or offering compensation plans worth P1,000 to P20,000. The entity has been promising investors returns worth P3,500 to P80,000.

Investors of RGS World were also being lured with non-monetary returns like frozen goods and rice on top of bonuses, incentives, and products given after referring or recruiting more people into the scheme.

RGS World also distributes products like soap, liniment oils, rice, eggs, and other poultry products "to disguise its investment scheme as a legitimate distribution business," the regulator said.

However, records from the Food and Drug Administration showed that the entity does not have a license to operate a distribution business.

The SEC said RGS World's program "involves the pooling of the resources consisting of the moneys of its investors which are actually utilized to satisfy and pay the guaranteed returns of its existing investors."

"This is the common enterprise that is being sustained by the investments received by RGS World from the public, although the same is masked by a product distribution business which, in reality, does not exist," the commission en banc held.

Members of RGS World's scheme do not do anything but invest and give their money to the directors, officers, agents, and promoters of RGS World to receive their returns.

"However, BacEO has already received complaints from numerous investors claiming that they have not received the profits or products promised to them," the SEC said.

RGS World is a corporation registered with the commission. However, it did not secure a secondary license from the commission as issuer of securities or broker dealer and it also did not register any securities to be offered to the public. — **Keren Concepcion G. Valmonte**

FULL STORY



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