Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila

CORPORATION FINANCE DEPARTMENT

SEC MEMORANDUM CIRCULAR NO. 5
Series of 2012

PARTICIPATION OF INDEPENDENT DIRECTORS IN EMPLOYEES' STOCK OPTION PLAN

Whereas, under Philippine law, there is no express prohibition disallowing Independent Directors (IDs) to participate in Stock Option Plans. The only limitation provided for by the Rules is that Independent Directors can hold only up to 2% of the outstanding shares of the corporation (SRC Rule 38);

Whereas, the Commission recognizes that an Independent Director's obligations, responsibilities and contributions to the company are no different from and are equivalent in value to a regular director. **Both independent and regular directors are expected to work to increase the company's firm value**;

In view of the foregoing, the Commission hereby adopts the policy of allowing Independent Directors to participate in Employees' Stock Option Plans, provided that their shareholdings in the company do not exceed 2% of the outstanding shares of the corporation.

This Circular shall take effect fifteen (15) days from publication in two (2) national newspapers of general circulation in the Philippines.

July 13, 2012, Mandaluyong City, Philippines.

TERESITA J. HERBOSA
Chairperson