BUILDING WEALTH WITH STOCKS
A Basic Guide to Investing in the Philippine Stock Market
PREFACE

We at The Philippine Stock Exchange, Inc. and CitisecOnline.com, Inc. believe that every Filipino should be financially secure and this can be achieved by investing in the Philippine stock market.

This basic and easy-to-understand stock investing primer is principally intended for interested individuals and first-time investors. The main objective of this literature is to orient people about the stock market and to guide them on how investing in stocks can further secure one’s financial future by becoming a successful investor.

We recommend that you take the initiative to learn the discipline and understand the principles of stock market investing through the investor education campaigns of the PSE and its trading participants. It’s time to get started on the road to financial freedom. After all, history has shown that investing in the stock market offers true wealth-building potential and can make your money work harder for you.
The **Philippine Stock Exchange, Inc.** ("PSE" or the "Exchange") is a private organization that provides and ensures a fair, efficient, transparent and orderly market for the buying and selling of securities.

PSE traces its roots from the country’s two former bourses: the Manila Stock Exchange ("MSE") and the Makati Stock Exchange ("MkSE"). Founded in March 1927, the MSE was the first stock exchange in the Philippines and one of the oldest in Asia. MkSE, on the other hand, was established in May 1963 and became the second bourse to operate in the country.

While trading the same listed issues, MSE and MkSE remained separate entities for almost thirty years. December 23, 1992 marked a milestone for the Philippine capital market when the MSE and MkSE were unified to become the PSE. At present, PSE maintains two trading floors -- one in Makati City and another in its head office in Pasig City.

In June 1998, the Securities and Exchange Commission conferred to the PSE the status of a Self-Regulatory Organization, which allows the PSE to implement its own rules and impose penalties on erring trading participants and listed companies. In 2001, the PSE was reorganized and transformed from a non-stock, member-governed organization into a shareholder-based, revenue-generating corporation. On December 15, 2003, PSE shares were listed by way of introduction.

You may visit or call the PSE through its Public and Investor Relations Section at the G/F PSE Centre, Exchange Road, Ortigas Center, Pasig City or through the PSE trunkline (632) 688-7600. You may also fax your queries at (632) 637-8818 or email to pirs@pse.com.ph.

**CitisecOnline (COL)** is the leading and fastest-growing online stockbroker in the Philippines with over Php600 Million in paid-up capital. In 2008, COL was ranked as the Number 1 stockbroker by the Philippine Stock Exchange by having the highest number of transactions in the stock market.

COL is committed to empowering the Filipino investor to achieve financial independence by maximizing opportunities offered by the stock market and by making well-informed investment decisions.

COL holds FREE weekly investor education seminars on the basics of investing in the stock market at the COL Training Center, 24/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. For more information, you can click on www.citiseconline.com or call (632) 6-333-777.
Greetings!

The Philippine Stock Exchange, Inc. (PSE) has instituted bold and potent initiatives towards capital markets development. It has undertaken major strides in educating the Filipinos about stock market investing and its vital role as one of the major drivers of the Philippine economy.

Various innovative investor education programs have been developed and deployed to promote greater understanding of the equities market, thus, building a solid investment-conscious culture in the Philippines.

The PSE will continue to advocate investor education. This primer I present to you is just one of the many ways we believe we can harness financial literacy among Filipinos – from the common people to college students, from young professionals to businessmen, and from government officials to overseas Filipino workers.

I am pleased to inform the readers that aside from PSE’s regular market education activities, such as free stock market investing seminars, provincial and international roadshows, industry and economic briefings, the virtual trading game, just to name a few, the PSE has successfully rolled out several long term programs.

With the assistance of our equally resolute partners from the academe, the PSE has succeeded in pushing the inclusion of a capital markets subject in college curriculum and integration of stock market topics in secondary education.

The PSE has also launched the PSE Certified Securities Specialist Course Program. It is the key initiative of the PSE envisioned to provide continuing education for analysts, market participants, and would be equity investors. The program intends to enhance their knowledge about the capital markets industry, with specific focus on the equities market.

The PSE will continue to work closely with all market participants and interest groups including the academe, listed companies and other market players for a more effective implementation of its investor education initiatives.

Looking forward, the PSE hopes that its education campaign will be handsomely paid with a solid investment-conscious culture among the Filipino society – a Filipino investors-driven Philippine equities market.

I am optimistic that PSE will remain a marketplace of growth, efficiency, and performance while setting the standard for fairness, quality and reliability. It will leverage the power of innovation to better compete and grow while serving investors and all market players. And it will take seriously its privileged responsibility owed to every investor, the capital raising and asset management process, and the economic well-being of our great nation!

Mabuhay!

Attty. Francisco Ed. Lim
President and CEO
WHY INVEST?

There are many reasons why you should invest your money. Investments are made to generate future purchasing power that will keep ahead of inflation and provide investors a sense of financial security.

You can achieve your financial goals for your different financial needs over different time horizons like buying a house, paying for your child’s college education, and setting aside for your own retirement.

The first and best way to start investing is by saving money. Always pay yourself first. Every time you receive your salary or profits from your business, set aside or keep some of that money, and invest it or put it in a bank. Rather than wait for the end of the month to see what is left for savings, at the beginning of the month, write a check to your investment account.

“Young investing is the most effective way to build your personal wealth and secure your financial future.”

You should start a monthly savings plan so you can have your income work hard for you. Over time, small amount of savings become substantial.

Investing is the ability to make your savings grow or appreciate to achieve your long-term financial goals. Investing is the most effective way to build your personal wealth and secure your financial future.
Why invest in the STOCK MARKET?

“Over the long-term, stocks provide greater returns and protection against inflation.”

History has proven that investing in stocks over the long-term provides greater returns and protection against inflation than other fixed-income instruments, such as savings accounts, time deposits, government securities, and bonds.

What are Stocks?
Stocks are shares of ownership in a corporation. When you buy stocks of a publicly listed company, you become a stockholder or shareholder of a company. In other words, you become part-owner of that company. As an owner, you participate in that company’s growth and future profits. Conversely, you may also lose if the company suffers a loss or performs below market expectations.

What is the Stock Market?
A stock market is a place where stocks are bought and sold. The Philippine stock market is the place where people can invest in ‘publicly listed’ companies in the Philippine Stock Exchange (PSE).
“Through capital appreciation or when there is an increase in the market price of your stock and through dividends issued by the company you invested in.”

There are two ways to make your money grow in the stock market:

1. **Through an increase in stock price or capital appreciation**
   
   Capital appreciation is an increase in the market price of your stock. It is the difference between the amount you paid when buying shares and the current market price of the stock. However, if the company doesn’t perform as expected, the stock’s price may go down below your purchase price. For example, if you buy a share of stock at Php100.00, and it rises to Php110.00, your capital appreciation or gain is Php10.00. Keep in mind, though, that you only realize your gain of Php10.00, if you sell at Php110.00. If you choose to hold it and it further increases to Php150.00, your capital gain would be Php50.00. However, if your stock decreases to Php100.00 then sell it at that price, your capital gain is zero.

2. **Through dividends declared by the company**
   
   Dividends are paid out to shareholders, representing earnings of the company that is not going to be reinvested in their business. There are two types of dividends that can be given by companies: cash and stock dividends.

   Cash dividend is the earnings for every share of stock declared by the company. So, if the company declares a dividend of 25 centavos per share, a stockholder with 10,000 shares will receive a cash dividend of Php2,500.00, gross of tax (Php0.25 x 10,000) in cash.

   Stock dividends are additional shares given to shareholders at no cost. If the company declares a 25 percent stock dividend, a stockholder with 10,000 shares will be entitled to an additional 2,500 shares of stock. These shares can also be sold anytime after the shares have been issued.
WHEN should I start investing in the STOCK MARKET?

“Time is your most precious asset. Those who start investing sooner rather than later have a tremendous advantage.”

When it comes to investing in the stock market, time is your most precious asset. The longer your time horizon is, the more time you have to make your money grow.

Compounding is, in fact, the single most important reason for you to start investing right now in the stock market. It is the multiplier effect that occurs when earnings or dividends on your investments begin to generate their own earnings.

Every day you are invested is a day that your money is working for you. Investing helps you ensure a financially secure and stable future.

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<thead>
<tr>
<th>Starting Age</th>
<th>25</th>
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<tbody>
<tr>
<td>Annual Investment</td>
<td>Php60,000.00</td>
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<tr>
<td>Years Investing</td>
<td>10 years</td>
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<tr>
<td>Total Investment</td>
<td>Php600,000.00</td>
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<tr>
<td>Ending Value at age 65</td>
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<tr>
<td>Ending Value at age 65</td>
<td>Php7,784,101.00</td>
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<th>Starting Age</th>
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</tr>
</tbody>
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NOTE: The above hypothetical examples are assumed to grow by 10% a year. This is for illustrative purposes only.

Those who start investing sooner rather than later have a tremendous advantage. If you keep your money in the good quality stocks over the long-term, and then reinvest the dividends earned as you receive them, your investment grows exponentially over time.
How much of my savings should I invest in the stock market?

With a starting investment of Php5,000, you can already begin investing in the stock market.

To determine how much you can afford to invest, you need to determine your financial net worth (what you own minus what you owe).

A portion of your funds should be in short-term liquid investments, such as bank savings, time deposits, and Treasury bills, to cover living expenses, and any possible emergencies. The amount to keep will vary according to your individual lifestyle. A practical rule of thumb is to keep at least 6 to 12 months’ worth of living expenses in short-term liquid investments. The remainder of your savings can be invested in medium or long-term instruments such as bonds, stocks or both, depending on the time horizon of your financial goals.

A more conservative approach is to keep at least 75% of your savings in short to medium-term fixed income instruments. The balance of 25% can be set aside for your investment in the stock market.

In fact, for as low as Php5,000, you can already begin investing in the stock market.
Getting started in the stock market is a simple process.
1. Choose your stockbroker or trading participant.
2. Open a stockbrokerage account.
3. Place your buy or sell order either online or by making a phone call to your stockbroker.
4. Monitor and keep track of your investments.

How do I choose a stockbroker?

There are over 100 licensed stockbrokers accredited by the PSE. Your choice of stockbroker should depend on the type of service you will require and who will best suit your needs. The types of stockbrokers can be classified into:
   • Traditional
   • Online (via Internet)

Traditional brokers are those who assign a licensed salesman to handle your account and take your orders via a written instruction or through a phone call.

Online brokers are those whose main interface with their customer is through the internet. Clients execute their orders and access market information directly online.

Stockbrokers vary in the range of services that they offer and the types of customers they serve such as:
   • Handling institutional or corporate accounts versus individual retail customers
   • Providing advisory services
   • Providing research and analysis
   • Providing investor education seminars and market briefings

You can get a complete list of accredited stockbrokers of the Philippine Stock Exchange either by visiting www.pse.com.ph or contacting the PSE at (632) 688-7600.
Who are the stock market participants?

1. Philippine Stock Exchange (PSE)

The role of the PSE goes beyond bringing buyers and sellers together and facilitating sales and purchase of stocks. It makes sure that these transactions are done in an efficient, orderly, fair, and transparent manner. It enforces rules and regulations that its members (publicly listed companies and trading participants) must strictly abide by. In this way, the PSE fulfills its function as the guardian of the stock market.

The PSE also plays a key role in bringing about economic development by providing a centralized environment where companies in need of capital have easier access to funds through stock investors. Companies can sell their shares through an Initial Public Offering (IPO) to potential investors. Through this, they can expand their business to produce more goods and services as well as create more jobs. The investing public can own a part of the company with the assurance that their investment interests are safeguarded by the PSE.

How are stocks traded?

Once you open a stockbrokerage account, you can start buying and selling stocks. Placing an order can be done by calling your broker and discussing with him or her the listed companies you want to invest in, the price at which you want to purchase or sell the stocks, and the amount of shares you would like to buy or sell. Alternatively, you can place your buy or sell order directly through your online trading account with your online stockbroker.

When a buy or sell order is placed for any listed company on the Philippine Stock Exchange (PSE), the stockbroker or trading participant (TP) transmits the order electronically to the PSE. All trades or executed transactions can
2. Publicly Listed Companies
A company becomes publicly listed when its shares are traded in the Philippine Stock Exchange. To become a publicly listed company, a company must meet the stringent listing and reportorial requirements of the PSE to safeguard the investors' interests and ensure transparency.

3. Trading Participants or Stockbrokers
A Stockbroker or Trading Participant acts as an agent/broker between buyer and seller of stocks in the stock market. A Trading Participant is licensed by the SEC and is a member of the PSE, authorized to execute orders for purchases or sales of stocks.

4. Stockholders or Investors
Investors in stocks or stockholders are those who own shares of stocks of a publicly listed company, at least until the time that they decide to sell them. Stockholders are accorded certain rights set by the PSE. These rights are accorded to them by the company they have now become part owners of.

be viewed on the ticker tape reports real-time. You can monitor the trades on the ticker tape on TV, such as ABS-CBN News Channel and NBN Channel 4, Insular Board in Makati City, and through PSE's and stockbrokers' websites.

Upon placement of a buy or sell order, your stockbroker will give you a confirmation receipt as proof of your trade. After a period of one trading day and another working day (T+1), you should receive a written confirmation of your order. If you placed your order online, you should receive your order confirmation immediately or within 24 hours.
How do I open an account with a stockbroker?

Similar to the process in opening a bank account, you will be required to fill out a form called Customer Account Information Form or CAIF and submit the following documents, namely:
- Two (2) valid IDs
- Specimen signature cards; and
- Proof of billing.
Depending on your stockbroker, you may be also asked to provide an initial cash deposit in order to begin investing in the stock market.

For Overseas Filipinos, the simplest and most convenient way of investing in the Philippine stock market is to open a stockbrokerage account with an online stockbroker or apply directly to any overseas branches of Philippine banks that are affiliated to any of the active stockbrokerages in the PSE. Through the internet, overseas investors will be able to access the Philippine stock market and trade stocks real-time.

Lastly, overseas investors can also participate in the Philippine stock market through mutual funds, and index and variable-linked funds offered by various financial institutions such as banks, mutual fund management companies and insurance firms in the Philippines.

How do I place an order?

Placing an order to buy or sell a stock can be done by making a telephone call (or sending a text message) to your stockbroker or directly online via the Internet. All buying and selling orders are subject to a minimum number of shares as prescribed by the board lot table instituted by the PSE. Prices in the stock market may fluctuate according to the set intervals based on the price level of the shares.

Once your order has been carried out, your stockbroker will give you a confirmation invoice showing the details of your transaction.
For traditional brokers, settlement of all transactions, either buying or selling is usually done after three (3) working days from the transaction date or T+3. This means that the buyer must pay for the costs of the transaction to his stockbroker within 3 working days after the trade was done. Similarly, the seller will receive the proceeds of the sale from the broker after the 3rd day from the transaction date.

For online brokers, settlement of all transactions is done on the transaction date. To buy shares of stock, you will need to fund your account prior to any purchase. In the same manner, the proceeds of your sale will be credited to your account not later than 3 working days from the transaction date.

Trading in the Philippine stock market is daily, Mondays to Fridays, except during holidays or when the Bangko Sentral ng Pilipinas Clearing Office is closed. Trading hours are from 9:30 a.m. to 12:10 p.m., including a 10-minute run off period. Note that you can start placing your orders 30 minutes before the market opens or at 9:00 a.m.

If you want to exercise your trading skills and gain more confidence before actually investing, we encourage you to try the “PSE Stock Trading Game.” To join, log on to the PSE website (www.pse.com.ph) and click the “Stock Trading Game” link found at the left hand side of the PSE home page.

**What are the costs of trading?**

These are the basic charges involved in buying and selling stocks:

<table>
<thead>
<tr>
<th>Type of Fees</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1. Stockbroker’s commission plus 12% Value-added Tax on commissions*</td>
<td>0.25% to 1.5% of transaction amount or a minimum of Php20.00, whichever is higher</td>
</tr>
<tr>
<td>2. Clearing Fee</td>
<td>0.01% of transaction amount</td>
</tr>
<tr>
<td>3. PSE Transaction Fee</td>
<td>1/200 of 1% of transaction amount</td>
</tr>
<tr>
<td>4. Stock transaction tax</td>
<td>0.5% of transaction amount</td>
</tr>
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</table>

*Note: *Varies depending on stockbrokers’ fee structure*
How do I keep track of the stock market and my investments?

It is always good practice to be informed about your investments and there are several ways by which you can monitor the stock market and your stock investments, particularly, for stock price movements, corporate news and updates, and other relevant market information.

1. The PSE website (www.pse.com.ph) is a very good source of information about the stock market and the specific stocks that you invest in. The following are some of the basic information available to you in the website:

   a. PSE News
   b. Corporate Disclosures
   c. Market Information
      i. Stock Quotes
      ii. Gainers/Losers
      iii. Active Stocks
      iv. Dividends/Rights
   d. The PSE Index Chart
   e. Listed Company Update
   f. IPO News
   g. PSE Regulations
   h. Trading Participant News

2. The PSE Library contains a wealth of stock market-related reports, books, and other reading materials. It is open to the public for free from 9:00 a.m. – 12:00 nn and from 1:00 p.m. - 4:00 p.m., Mondays to Fridays. The library is located at the 4/F PSE Centre, Exchange Road, Ortigas Center, Pasig City. You can contact the PSE Library at telephone number (632) 688-7525.

   Stock market related publications are also available at the PSE Public and Investor Relations Section (PIRS) at the G/F PSE Centre, Exchange Road, Ortigas Center, Pasig City, with telephone number (632) 688-7600.

3. Contact your stockbroker or access your account online for any market information and details of your investments. You can also find information on prices, bid and ask values, traded volumes, and research reports and analysis on listed companies.

4. Stock market information from major newspapers, television, radio, and the Internet.
HOW does the PSE protect my rights as an INVESTOR?

The PSE and SEC have put in place several safeguards that promote transparent, fair, and organized buying and selling of stocks where every investor, big or small alike, are protected from fraud, manipulative trading practices, and erring stockbrokers.

Self Regulatory Organization Status
The PSE is a Self Regulatory Organization (SRO) as granted by the SEC. As such, the PSE acts as the “police” of the stock market and it is the SRO status that empowers it to formulate marketplace rules, and impose penalties or sanctions to market participants who will not comply with these rules.

Customer First Policy
Further, PSE regularly monitors and audits the operations of stockbrokers. It ensures that business and trading practices of stockbrokers conform with the laws stipulated in the Securities Regulation Code of the Philippines, including the Customer First Policy, whereby stockbrokers’ orders must always surrender priority to their clients.

Risk Based Capital Adequacy
The Risk Based Capital Adequacy is a PSE regulation that ensures that stockbrokers have enough capital to cover its exposure to risks. It also ensures that stockbrokers are financially sound or liquid enough to promptly settle claims and other obligations to clients.

Disclosure Rules (10-minute Rule, Online Disclosure System, and Selective Disclosure Rule)

Since timely and reliable company disclosures are essential components of a fair and efficient market, the PSE also sees to it that listed companies promptly disclose only factual and truthful information.

In fact, the PSE requires that material information that may affect a listed company’s share price positively or negatively, are disclosed within 10 minutes after its occurrence. This rule is embodied in the 10-minute Rule.

Disclosures must also be done first to the PSE so that it will cascade information to every investor and general public through its communication channels and not to a selected group of individuals only. This is also known as the Selective Disclosure Rule.
All disclosures are transmitted through a sophisticated computer system known as the PSE Online Disclosure System or ODiSy. Non-compliance or violations of listed companies to PSE Disclosure Rules are heavily penalized with fines, suspension, or even delisting from the PSE.

**Advanced Warning and Control System**

The PSE regulates the stock market through its Market Regulatory Division (MRD). It monitors the market through a word-class and sophisticated surveillance system called Advanced Warning and Control System or AWACS.

AWACS is equipped with the critical elements of the surveillance process and provides a robust monitoring and warning mechanism. It is designed to protect the integrity of the equities market from fraud, manipulation, and breaches of marketplace rules. It monitors and detects unusual stock price or volume movements possibly brought about by insider trading and other manipulative trading practices. From the information provided by AWACS, MRD conducts investigation of unusual price and volume movements to identify and prosecute stockbrokers or investors who might have committed price manipulation practices.

**Market Integrity Board**

The Market Integrity Board is an independent body created by the PSE to oversee stockbrokers’ compliance with the rules governing market transactions.

**Securities Investor Protection Fund**

Another tool created for the protection of investors is the Securities Investors Protection Fund, Inc. or SIPF. The SIPF, which is comparable to the Philippine Deposit Insurance Corporation providing insurance for bank deposits, seeks to build and enhance investors’ confidence in the market and is envisioned to protect the investing public from extraordinary losses, other than the ordinary market fluctuations, arising as a result of fraud, failure of business, or judicial insolvency of PSE-accredited stockbrokers. Protection to investors is automatic upon the opening of an account with a PSE-accredited stockbroker and given by way of compensation for trade-related obligations of stockbrokers to its customers.

These safeguards, along with other investor protection initiatives of the Philippine Stock Exchange, serve to protect the health of the equities market and the integrity of capital formation process, making investing in the Philippine stock market secure.
INVESTOR Rights

Investors need to be fully aware of their basic legal rights. These rights are articulated in existing laws, rules, and regulations issued by government entities and the Exchange. Outlined below is a summary of such rights covering the different phases of investment, from pre-investment phase up to termination of the investment.

It is important to note that the rights presented in this section is simply a collation from relevant legal issuances. The basis for any liability in connection with investment transactions shall still be the specific law, rule, and regulation.

Please visit PSE website (www.pse.com.ph) for a full discussion on the Investor’s Rights.

1. RIGHT TO FAIR AND EQUAL TREATMENT
   Every investor should be given fair and equal treatment in terms of opportunities offered and access to information.

2. RIGHT TO FULL, ACCURATE, AND TIMELY INFORMATION
   Every investor should be given complete, accurate and timely information to allow them to make informed decisions about their investments.

3. RIGHT TO VOTE AND EXERCISE RELATED RIGHTS
   Every investor should be given the right to participate in the management of the business by voting on important decisions such as who should be the directors and what major activities the business should undertake.

4. RIGHT TO HAVE FULL ACCESS TO FUNDS IN THE ACCOUNT AND AGREE TO ANY RESTRICTION OR LIMITATION ON ACCESS
   Every investor should be allowed to exercise rights of absolute ownership over his account and may be subjected to limitations only with express consent.

5. RIGHT TO EXPECT THE BOARD, MANAGEMENT, BROKERS, AND AGENTS TO PERFORM THEIR FUNCTIONS RESPONSIBLY
   Every investor can expect the Board, management, brokers and agents to perform their duties and responsibilities in accordance with a corporate culture of integrity, honesty and compliance with the spirit as well as the letter of the law.

6. RIGHT TO RELY ON THE COMPLETENESS, ACCURACY, AND TRUTHFULNESS OF ACCOUNTING AND FINANCIAL STATEMENTS
   Every investor should be able to rely on completeness, accuracy, reliability, relevance, and timeliness of accounting and financial statements as certified by independent auditors.
7. **RIGHT OF RE COURSE IN CASE OF DISPUTES CONCERNING THE ACCOUNT**
   Every investor has the right to know that in case a problem arises concerning his account, he has access to officers, managers, and agents of brokerage firms and receive prompt attention.

8. **RIGHT TO FAIR SECURITIES MARKETS WHERE TRADES ARE EXECUTED AT THE BEST POSSIBLE PRICE**
   Every investor should be able to rely that stocks traded in the stock exchange is reflective of how the market values the company.

9. **RIGHT TO EXPECT THAT THE REGULATORY BODIES ARE EXERCISING SUPERVISION OVER THE INDUSTRY**
   Every investor should be able to rely that these institutions are performing their functions and duties under the law in ensuring that the market operates in an orderly, efficient, and transparent manner and that investors are adequately protected.

10. **RIGHT TO KNOW DIVIDEND POLICY, TO RECEIVE DIVIDENDS, AND TO ENJOY OTHER BENEFITS DUE TO STOCKHOLDERS**
    Every investor should have a share of the profits of the company and enjoy other benefits as part-owner of the company.

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**INVESTMENT Guidelines**

1. Start to save as much as you can as soon as you can.

2. Be sure that the money you will invest in the stock market is an amount that you can set aside for long-term investment.

3. Know your investments. Understand more about the company you are looking to invest in.

4. Do not put all your eggs in one basket. Try to maintain a portfolio of at least three to five good stocks.

5. Plan your trade and trade your plan.
1. **Bid and Ask Price**
   Bid price is the highest price that a buyer is willing and able to purchase for a share of stock.
   Ask price is the lowest price that a seller is willing and able to offer for sale for a share of stock. It is also called the “offer price.”

2. **Board Lot**
   The Board Lot is the minimum number of shares one can purchase or sell a stock at a specific price range.

3. **Closing Price**
   Closing price is the last traded price of the stock at 12:00 NN of the trading day.

4. **High and Low Price**
   High price is the highest price the stock traded for the trading day.
   Low price is the lowest price the stock traded for the trading day.

5. **Initial Public Offering**
   Initial Public Offering or IPO is a process whereby a privately held corporation offers for sale its shares of stock for the first time to the public in order to raise capital to fund investments and business expansion.

6. **Market Capitalization**
   Market capitalization is the currency value of a company’s outstanding shares based on its current stock price. It is calculated by multiplying the company’s outstanding shares by the current stock market price.

7. **Market Value**
   Market value is the price at which buyers and sellers are willing to purchase or sell the stock based on information or perceived value.

8. **Opening Price**
   Opening price is the first price the stock traded for the trading day.

9. **Publicly Listed Companies**
   A company becomes publicly listed when its shares are traded in the Philippine Stock Exchange. To become a publicly listed company, a company must meet the stringent listing and reportorial requirements of the PSE to safeguard the investors’ interests and ensure transparency.

10. **PSE Composite Index (PSEi)**
    The PSEi is the benchmark index measuring the performance of the Philippine stock market. It is a fixed basket comprised of 30 listed companies representing the general movement of stock prices. The selection of these companies is based on a specific set of criteria.
GLOSSARY of Terms

11. Securities and Exchange Commission (SEC)
The SEC is a government agency whose primary mission is to protect investors and maintain the integrity of the capital markets, among which is the stock market.

12. Stock Certificate
A piece of paper that certifies a person’s share ownership in a corporation.

13. Stock Price
Stock price is the currency value of a listed company per share in the stock market. It is derived by dividing the market capitalization by the total number of shares outstanding.

14. Ticker
A computerized listing of information showing stock market activity and stock price movements. Information includes the stock symbol, last traded price, and the volume of shares traded.

15. Types of transactions
a. Limit order
   A type of transaction order placed with your stockbroker to buy or sell shares of stock at a specified buying or selling price.

b. Market order
   A type of transaction order placed with your stockbroker to buy or sell shares of stock at the current market price.

c. Good-til-cancelled order
   A type of transaction order placed with a stockbrokerage firm to buy or sell shares of stock which remains outstanding for seven calendar days until cancelled by the investor or trader.

d. Day order
   A type of transaction order placed with a stockbrokerage firm to buy or sell shares of stock that is only valid for one trading day.

16. Value Turnover
The amount of transactions in peso terms traded on a particular period.

17. Volume
Volume is the number of shares traded in the stock market during a given period of time.