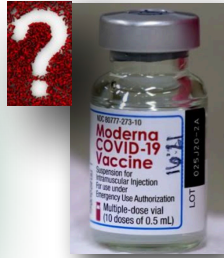




KUNG HEI FAT CHOY!



VAX SURVEY



SEC CHAIR EMIL AQUINO LOOKS AHEAD

**CAPITAL
MARKET
ROADMAP
FOR 2021**

FINEX FOCUS



NO TO CHA-CHA AMID PANDEMIC

FINEX General Membership Meeting
Wednesday, February 17, 2021
Webinar via Zoom

**FINEX
STATEMENT ON
CHARTER
CHANGE**



EDITOR'S NOTE

By **J. Albert Gamboa**

NOT AT THIS TIME

Last month, the FINEX Institute Board of Directors released the following statement on the Congressional push for Charter Change:

"We agree that the economic provisions of the Constitution must be amended to make the country a more attractive investment destination.

"Having said that, we are strongly opposed to any initiative at this time to amend the Constitution. It is akin to undertaking house renovation while the family struggles to pay for food, basic education, hospitalization expenses, and other badly-needed basic necessities.

"There are low-hanging fruits which Congress can focus on to help the country successfully emerge from the pandemic and make it more attractive to investors. For example, still pending for enactment into law are the Corporate Recovery and Tax Incentives for Enterprises bill (CREATE) and the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery bill (GUIDE). There are also efforts to put in place a new stimulus package to revive and restore our economy to normalcy.

"We respectfully request the President to sign into law the Financial Institutions Strategic Transfer bill (FIST), which was ratified by Congress before its Christmas break.

"We call on Congress to tackle legislative initiatives on the economy at the earliest possible time, rather than devote its time and the country's meager resources to a highly controversial, divisive issue at this time."

Nine other business groups supported FINEX's call urging the 18th Congress to avoid tinkering with the 1987 Constitution ahead of the 2022 national and local elections. These are: Philippine Retailers Association, Management Association of the Philippines, Women's Business Council, Makati Business Club, Philippine Chamber of Commerce and Industry, Investment House Association of the Philippines, Filipina CEO Circle, Philippine Women's Economic Network, and Judicial Reform Initiative.

With only 15 months to go before our crucial presidential election in May next year, the 10 organizations said "any attempt at Charter Change now will be divisive at a time when our country still needs to be totally united in our efforts to overcome the ill effects of the pandemic."

To the House of Representatives, the business community's message is clear: **NO TO CHA-CHA AMID THE PANDEMIC!**

YEAR OF THE METAL OX

According to feng shui experts, 2021 is going to be a year when hard work will get rewarded. It shall be a lucky for those who make a considerable effort, and is also perfect for focusing on relationships.

Recent Ox years under the Oriental horoscope were 1925, 1937, 1949, 1961, 1973, 1985, 1997, and 2009. In 2021, Feb. 12 marks the beginning of the Year of the Metal Ox, which comes every 60 years.

The last time around in 1961, these were the major events in global and local history: the Philippines' lowest temperature on record at 6.3°Celsius in Baguio; Diosdado Macapagal's election as our fifth President; Bay of Pigs invasion by Cuban exiles; the UN General Assembly's condemnation of South African apartheid; Soviet cosmonaut Yuri Gagarin's feat as the first human to journey into outer space; the Berlin Wall's construction; assassination of Dominican Republic's dictator Rafael Trujillo; and John F. Kennedy's inauguration as the first American President belonging to the Roman Catholic Church.

JFK's precedent has just been replicated by Joe Biden, the second Catholic President of the US. Will there be more parallelisms in the coming months?

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KEYNOTE SPEAKER'S PROFILE

SEC CHAIR EMILIO AQUINO



The first CPA-lawyer to be appointed as Chair and CEO of the SEC, Chair Aquino assumed office on June 7, 2018 and is currently serving a seven-year term.

After a successful decade-long practice as a CPA-lawyer, he returned to the SEC where he earlier rose through the ranks to become the youngest Director of two departments. He also headed the SEC's Davao and Zamboanga Extension Offices where he launched capital market promotion activities.

Concurrently he is the Chair of the state-run Credit Information Corporation as well as the Microfinance NGO Regulatory Council. He is a sitting member of the Anti-Money Laundering Council and chairs the ASEAN Capital Market Forum Corporate Governance Working Group.

As Supervising Commissioner for Enforcement and the Office of the General Counsel, he has carried out a proactive and effective drive as Champion of Investor Protection when he led the recent sweep against investment scams and illegal lenders. He now serves as the SEC's point person on Fintech, Blockchain, and Digital Assets.

Upon his assumption as SEC Chair, he shepherded the passage of the Revised Corporation Code, a landmark legislation that was signed into law by President Rodrigo Duterte on Feb. 21, 2019.

Chair Aquino earned his Bachelor of Science in Commerce major in Accounting degree from the Universidad de Zamboanga, graduating Magna Cum Laude and Valedictorian in 1984. He hurdled the CPA Licensure Exams with a rating of 89.14% and finished his law studies at San Beda University where he was a Dean's Lister and Silver Medalist. He placed 16th in the 1992 Bar Exams.

Under a government scholarship, he obtained a Master in Public Management degree from the Development Academy of the Philippines and was conferred a Certificate of Study by the University of Sydney for a course on Effective Governance. He likewise completed the Fintech Advanced Program at Tshinghua University School of Finance and underwent the Asian Institute of Management's Management Development Program for SEC.

SECURITIES AND EXCHANGE COMMISSION

INDEPENDENT GUARDIAN OF THE CAPITAL MARKET

The SEC was established by Commonwealth Act No. 83 or the Securities Act of 1936. Its powers and functions are provided by the Securities Regulation Code of 2000, the Revised Corporation Code of 2019, and other existing laws. It has five Commissioners who hold office at the SEC headquarters in the PICC Secretariat Building.

In 2016, the SEC registered its new logo at the National Historical Commission of the Philippines (NHCP) chaired by Dr. Maria Serena Diokno and signed by then Deputy Executive Secretary Michael Ong.

When seen from a distance, the logo is an elongated hexagon, the six sides of which represent the SEC's core values: integrity, initiative, independence, professionalism, accountability, and teamwork. The shape depicts these core values and also suggests balance, cohesion, and communication.

But when seen up close, the logo features silhouettes of three rising buildings representing the corporations (left), the SEC (middle), and the investors (right), all of which are sitting atop a perfectly chiseled diamond serving as the bedrock of stability, reliability, and strength. They represent the SEC's contribution to national development in its roles as corporate registrar, regulator, and investment protector.

That green is the color of choice for the SEC logo is meant to convey association with life, growth, and prosperity. It also denotes money and finances. The use of three varying shades of green that blend well together is a way of paying homage to the Philippine flag whose three major colors converge on a common vortex.





PRESIDENT'S CORNER

By Francis Ed. Lim

Capital Market Development is one of the main advocacies of FINEX. As the Co-Chair of the Department of Finance and the Securities and Exchange Commission at the Capital Market Development Council (CMDC), FINEX has been one of the prime movers in furthering the advancement of the Philippine capital market to be at par with the region.

In 2020, CMDC approved the five-year Capital Markets Roadmap or the Blueprint, covering the framework with reference to the national policy "Ambisyon Natin 2040" in line with the Philippines' aspiration to have a deep, robust, liquid, and world-class capital markets like our Asian counterparts. The four core areas of the Blueprint include Equities, Fixed Income Securities, Alternative Products, and Contractual Savings/Pension. The Blueprint is an ambitious undertaking and will need the collective support of FINEX, the private sector partners, and the government to make this dream a reality.

Today, we are very privileged and honored to have SEC Chairman and CEO Atty. Emil Aquino to share with us the principal features of the Roadmap and his invaluable insights on how the SEC can expedite the implementation of the actions plans indicated in the Blueprint.

Despite the pandemic, FINEX has been active and busy for the past month. Last January 13, your Board of Directors met with the Council of Past Presidents and shared with them the major thrusts for 2021. Truly, the wisdom and suggestions of our past leaders are important.

In the advocacy front, FINEX was able to rally 50 other organizations to co-sign the Joint Statement of Support for the CREATE Bill. Last February 4, FINEX issued another related statement profusely thanking the Congress for passing CREATE, which is one of the pillars of the government's national economic recovery program.

On January 18, FINEX issued a statement opposing any initiative to amend the Constitution at this time. While we agree that certain economic provisions of the Constitution must be amended to make the country a more attractive investment destination, at the current state, we believe that legislative initiatives on the economy must be focused on reviving and restoring our economy to normalcy.

Together with other business and professional organizations, FINEX joined the call for COVID-19 vaccination of the workforce in the private sector. We thank ICTSI for spearheading the purchase of Moderna vaccines and allowing FINEX to be part of it as we safely reopen our businesses to support the economy.

On January 14, the Good Governance Committee, together with the Junior FINEX Committee of the FINEX Foundation, sponsored the National Economic Recovery Forum with NEDA Acting Secretary Karl Kendrick Chua. Unlike similar forums before, this event was attended not only by business executives but also by finance and business students through the JFINEX network in the academe.

Last January 15, also in celebration of our organization's 53rd founding anniversary, we hosted the first virtual inaugural meeting and induction ceremonies of FINEX with no less than BSP Governor Benjamin E. Diokno as the inducting officer and keynote speaker. The event was made extra special with musical performances by Viva Voce and video/photo compilations of FINEX history.

We value members' engagement through our Membership Committee. We will regularly hold virtual get-together and networking sessions to keep the camaraderie among us. The first session was held last January 26 with our new members who were inducted in 2018 to 2020. We will keep you posted for the next virtual gatherings.

On February 11, the Capital Market Development Committee sponsored the forum on "The Gamestop Saga" with resource speakers SEC Commissioner Eph Amatong, global market specialist Anton Periquet, PSE COO Roel Refran, and COL Financial CEO Dino Bate, who shared their insights on the dizzying rollercoaster ride of Gamestop and the changing market dynamics that made it happen. The speakers also exchanged varying perceptions if the same circumstance may happen again or if it can happen in our own stock exchange.

Also on February 11, the Women in Finance Committee hosted its first Classification Talk on "Beauty and Beyond" with DMark Beauty Corp. CEO Nikki Tang as resource speaker.

For the coming months, I enjoin everyone to participate in the following programs and activities for the coming days:

- February 18, 7:00 PM - Post-Valentine's Day Show Offering: "Music from Movies, A Tribute to Sean Connery and Audrey Hepburn" (by the Special Projects Committee)
- February 23, 2:00 PM – FINEX–P&A Local Governance Series: Dialogue with Makati City Mayor Abby Binay" (by the Good Governance Committee)
- February 24, 12:30 PM – Webinar on Sustainable Bond Issuance Processes and Key Considerations for Potential Issuers (by the Capital Market Development Committee together with CMDC, SEC, and ADB)
- February 26, 5:00 PM – FINEX Life Members 1st Virtual Get-Together
- March 2, 2:00 PM – Beyond Financial Inclusion: The Different Dimensions of Inclusion with Vedika Bhandarkar (India), Chief Global Impact Officer at Water.org; Haythum Ayuda (Singapore), Chairman at Specialisterne; and Rachel Freeman (Hong Kong), Executive Director at Tyme Bank (by the Financial Inclusion Committee)
- March 18, 10:00 AM – Global Leadership at its Best with Angkas CEO Angeline Tham; Daly City, California Mayor Juslyn Manalo; and UN Women Regional Head of Partnerships, Advocacy and Communications Isobel Rivera (by the Women in Finance Committee)

To ensure the sustainability of FINEX, we are launching a campaign to recruit 150 new members this year. Due to the pandemic, we expect that members who are qualified for life membership will already avail of this benefit and some may resign due to financial difficulty.

With this, I appeal to all of you to invite your friends and colleagues to join FINEX this year. Your Board approved relaxing some of the requirements for new members without sacrificing the quality of our membership. The details of the campaign will be announced soon.

Also, we have started our campaign for this year's year-round sponsorship. We hope that you and your companies will be one of them.

The packages include: Partner – P2.0 million; Platinum – P1.0 million; Diamond – P750,000; Gold – P500,000; Bronze – P300,000.

The sponsors' benefits were recalibrated to adapt to the new normal.

We hope that these campaigns will help us secure substantial funding as we start to establish a sustainability fund for FINEX this year.

FINEX will continue to be relevant at the forefront of national advocacy, influencing and shaping national policies especially as they affect the economy and the way we do business.

We will regularly update you about our upcoming programs, particularly on the developments of our major thrusts for this year, and we hope to receive your continuing support.





LOCKDOWN DIARIES

By Tess Ravallo

CAPITAL MARKET: A YEAR AFTER



The year 2020 will always be associated with the COVID-19 virus. While its formal inception is still debated, there is no question that the whole of last year was about the ramifications from the unseen but highly spreadable virus. It was not until March 12 that the World Health Organization officially declared a pandemic and the very next day, the International Monetary Fund (IMF) began talking about a potential global recession.

In her remarks on March 27, IMF Managing Director Kristalina Georgieva announced that the global economy was indeed already in a recession. Sensing how significant the dislocations were, she pointed out: “We should not go with small measures now when we know that it is a gigantic crisis, [as we have] never seen the world economy standing still.”

SITUATING THE CRISIS

Interestingly, the Chinese character for “crisis” (**wēiji**) has two components: 危机

The first (**wēi**) tells of “danger” while the second (**ji**) means “change point.” Although Western culture often mischaracterizes the second point as “opportunity,” it is not an untenable stretch to equate “point of change” to its upside of “facets of opportunities.” Indeed, this is the story of the capital markets in 2020.

As uncertainties evolved from the public health issue, risk aversion necessarily rose. Bank loan growth generally declined partly due to banks’ reduced tolerance for risk, low demand and weak business outlook -- the same expected phenomenon we saw during the 1997 Asian Financial Crisis.

Yet this **wēi** was also met with some **ji**. While the loan market tightened, what we saw was the subtle but nonetheless noticeable resilience and rise of the bond market. On one side, more government securities were issued; predictably, part of the funding strategy of the government for the surprise expenditures related to coronavirus relief.

With the national government’s health and fiscal incentives and the accommodative monetary policy stance of the Bangko Sentral ng Pilipinas (BSP), the bond market numbers in 2020 were comparable if not better than pre-pandemic 2019 performance. By the end of 2020, the PDEX trading volume surpassed the P6.0 trillion mark for the first time. As a percentage of GDP, the local currency government bond market significantly grew from 28% to 35%. Average daily volume increased to P26.0 billion from P22.0 billion pre-pandemic, with daily turnover almost the same as 2019 at roughly 1.0x.

The other side of this development though, was the rise in corporate bond issuances. As the authorities placed Metro Manila under a two-months-long enhanced community quarantine or ECQ starting March 15, the market raised P72 billion for four issuers at the height the lockdown.

Operating on a work-from-home arrangement, primary and secondary markets remained undisrupted. Amid restrictions on travel, the Securities and Exchange Commission’s response to accept electronic submission of documents was a key in the continuity of market activities in the corporate bond market as well as in the equities market.

In terms of capital raised (excluding funds raised outside the organized market), total issuances in 2020 reached P387.0 billion, 3.2% higher than the pre-pandemic level. Last year also saw the maiden listing of the BSP Securities and the issuance of the first ASEAN Social Bond by a local bank. Total corporate bonds outstanding increased by 11% to P1.47 trillion from 1.32 trillion.

As a funding source, corporate bonds accounted for 8.9% of the country’s GDP in 2020 from 7.7% in 2019, while bonds were up at 16% in 2020 from 15% in 2019 in terms of share in total loans and bonds outstanding. In the secondary market, the role of retail investors became more evident as their share in total trading volume relative to institutional investors increased from 43% in 2019 to 58% in 2020. This has been a phenomenon observed not only in the bond market but in the equities market as well.

MOVING FORWARD

The capital market is often described as a “spare tire” of the bank loans market. This is so because of the great disparity in outstanding volumes for private sector funding. Yet, as 2020 has shown, the point is that it is not just a “spare” but a necessary component that balances off the dangers and for simplicity, the opportunities that present themselves when market conditions change.

This diversity is critical, not as a developmental issue, but a way to balance risks, to provide alternative options, and to ensure that the market functions despite unexpected shocks.

This, I believe is why we in the Philippine capital market must look inward and push those changes that makes the market a viable option not only in these stressed conditions but more so during normal times.

EDITOR'S NOTE: The writer is President and CEO of both the Philippine Dealing & Trust Corp. (PDEX) and the Philippine Securities Settlement Corp. Sources of market data are PDEX and Asian Bonds Online.



FINEX IN ACTION

2021 BOARDS' VIRTUAL INDUCTION BY BSP GOV. BEN DIOKNO VIA ZOOM | JANUARY 15, 2021



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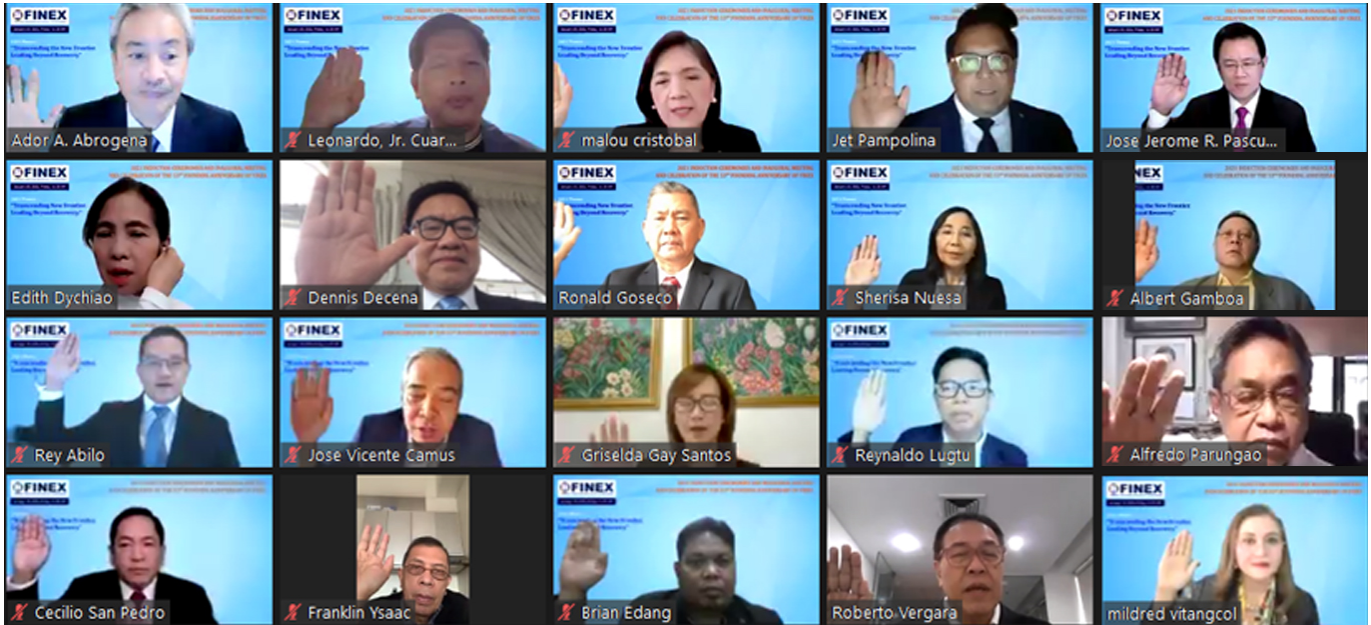
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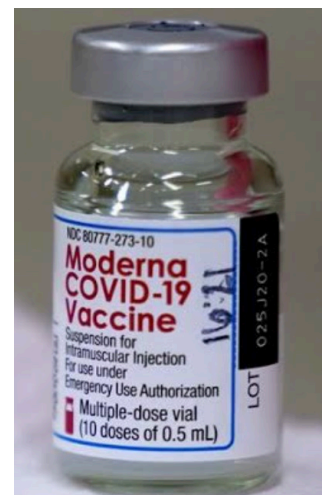
COMMITTEE CHAIRS, CO-CHAIRS, VICE-CHAIRS, SUB-CHAIRS



FINEX IN ACTION

SURVEY ON COVID-19 VACCINE RESERVATION

Supplier of vaccines: Moderna Inc. (Cambridge, Massachusetts, USA)
 Consolidator of orders: International Container Terminal Services Inc.
 Cost of vaccines: USD35/dose plus USD2/dose (storage and handling fee)
 Number of doses per person: 2
 Inoculation cost: to be determined
 Vaccination venue: ICTSI Central Inoculation Center
 Delivery of vaccines: within the third quarter of 2021
 Note: subject to the final approval of government regulatory agencies



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