

[QRCGC CIRCULAR NO. 002 s. 1992, June 11, 1992]

RULES AND REGULATIONS GOVERNING SUBSCRIPTION BY PRIVATE INVESTORS TO THE CAPITAL STOCK OF QUEDANCOR

Pursuant to Section 9 of Republic Act No. 7393, the concurrence of the Securities and Exchange Commission dated June 3, 1992 and QUEDANCOR Board Resolution No. 4-92 issued on June 11, 1992, the following are hereby prescribed:

1. Authorized Capital Stock — The authorized capital stock of the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) is Two Billion Pesos (P2,000,000,000.00) divided into two billion common and voting shares with par value of One Peso (P1.00) per share.
2. Subscription by Government — Sixty (60%) percent of the authorized capital stock or 1.2 billion shares are available for subscription solely by the National Government and/or government-owned or controlled corporations.

The National Government shall be deemed to have subscribed to such number of shares of the QUEDANCOR equivalent in par value to and considered paid for, by the net assets of the Quedan Guarantee Fund Board, as determined and certified by the Commission on Audit within three (3) months from the effectivity of R.A. 7393.

The Department of Agriculture, the Department of Agrarian Reform, the Technology and Livelihood Resource Center, the Philippine Amusement and Gaming Corporation, the Philippine National Bank, the Development Bank of the Philippines, the Land Bank of the Philippines, the Government Service Insurance System, the Social Security System, other government agencies and government-owned or controlled corporations are authorized to invest in the capital stock of the QUEDANCOR.

However, the shares of the National Government and government-owned or controlled corporations may be sold to one another but not to private investors.

3. Subscription by Private Investors - Forty (40%) percent of the authorized capital stock or 0.8 billion shares are available for subscription solely by small farmers, fisherfolks, their cooperatives and other private investors, whether individual, partnership or corporation.

However, no private person, natural or juridical, shall directly or indirectly, by interlocking directorate or other forms of combinations, by trust, subscription, purchase, lease, mortgage, pledge, or other means of acquisition or encumbrance, own at any one time more than ten percent (10%) of the portion of the QUEDANCOR's authorized capital stock that can be subscribed solely by small farmers, fisherfolk, their cooperatives and other private investors.

4. Minimum Subscription - Minimum subscription shall be 500 shares for individuals, 5,000 shares for cooperatives/partnerships and 50,000 shares for corporations.

5. Application for Subscription - To subscribe to the capital stock of QUEDANCOR, a duly accomplished Application for Subscription must be submitted together with the required documents and corresponding payment. Every application is subject to the final approval of QUEDANCOR's Corporate Secretary/President.

Subscribers must submit their application to the office of the Corporate Secretary/President directly or thru any of QUEDANCOR's Field Officers - Chief Quedan Operations Officer, Supervising Quedan Operations Officer, Senior Quedan Operations Officer or Operations Officer.

6. Documentary Requirements - Subscription by corporations, cooperatives or partnerships must be accompanied by the following documents:

6.1 Certificate of Registration with SEC or CDA as the case may be

6.2 Articles of incorporation/cooperation/partnership

6.3 List of current officers and members/directors of the board

6.4 Board Resolution certified by the corporation's/cooperative's Secretary authorizing the subscription of the shares and specifying the person/s authorized to sign. In case of partnership, an affidavit of undertaking of the managing partner to subscribe the shares applied for shall be required.

7. Payment of Subscription - Subscription may be paid in full or on deferred payment basis in the form of cash or check. However, payment for subscription thru QUEDANCOR's Field Officers must be paid in check form only.

Payments of application not approved, in whole or in part, shall be refunded without interest within a reasonable period of time.

Subscription payment in check shall be value-dated on the day of receipt of cleared funds. The corresponding application shall likewise be considered for approval as of said date.

For deferred payment, a 25% down payment is required upon filing of the application and the balance must be paid in not more than six (6) equal monthly installments. Every installment must be paid on or before the scheduled due date, otherwise the amount due shall be subject to 1% interest per month of delay or fraction thereof.

8. Withdrawal of Application - Withdrawal of application for subscription may be made by the applicant in writing before said application is approved by the Corporate Secretary/President. The corresponding payment shall be refunded without interest by QUEDANCOR within a reasonable period of time.

9. Sale of Unpaid Subscribed Shares - The investor may be allowed to sell the