Legal Watch

PSE CIRCULAR NO. 2026-0029

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Agency Name

The Philippine Stock Exchange, Inc. (PSE)

Issuance Title

Proposed Amendments to PSE Rules on Exchange Traded Funds

Issuance Date

16 June 2026

Link

https://documents.pse.com.ph/CircularOPSPDF/CN-2026-0029.pdf

SUMMARY

The Philippine Stock Exchange ("PSE") has invited stakeholders to submit comments on the proposed amendments to the Rules on Exchange Traded Funds ("ETF"). The amendments aim to broaden participation in the ETF market by expanding the range of eligible issuers, lowering the barriers to entry for potential issuers, and increasing flexibility in fund management and corporate structuring. The key proposed amendments include:

1. **Umbrella Structure.** Under the proposed rules, an ETF issuer will be allowed to offer and list multiple portfolios or sub-funds with different investment objectives and strategies. This relaxes the current rules that require one ETF to only have a single-fund listing and which requires incorporating and listing a separate entity for each sub-fund.

2. **Expanded List of ETF Issuers.** Under the current rules, only open-end investment companies are eligible as ETF issuers and only shares of an ETF Company may be listed in the Exchange. The proposed rules expand eligible entities such as Unit Investment Trust Funds ("UITFs") and other collective investment schemes and allows the listing of different types of securities such as fund units.

3. **Active Management.** The proposed rules explicitly allow actively-managed ETFs in addition to traditional passive index-tracking funds.

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4. **Reduced Capitalization.** The minimum paid-up capital requirement for ETF issuers is lowered from Php 250 million to Php 50 million.

5. **Simplified Participation.** The proposed rules reduced the required number of Authorized Participants (i.e., broker dealers that handle the creation and redemption of ETF shares or units) from two (2) to just one (1) Authorized Participant. Further, the Market Maker is no longer required to be an Authorized Participant.

6. **Global Diversification.** The proposed rules extend the underlying securities to securities listed in foreign exchanges or regulated over the counter ("OTC") markets.

ACTIONABLE ADVICE

Existing ETF issuers, as well as UITFs and other collective investment schemes that may become eligible under the proposed rules, should monitor the progress of the amendments and assess how the expanded eligibility criteria and increased operational flexibility may affect their product and listing strategies. Entities that may benefit from the proposed framework should also consider providing comments to the PSE during the consultation period to address any implementation or regulatory concerns.

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