

**REPORTING OF MATERIAL EVENTS  
IN  
EMERGING MARKETS**

by the  
Emerging Markets Committee  
of the  
International Organization of Securities Commissions

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## **REPORTING OF MATERIAL EVENTS**

Following are general guidelines suggested by the Emerging Markets Committee of the International Organization of Securities Commissions for use by its members and by other emerging markets securities regulators in their regulations regarding the reporting of Material Events by the issuers of publicly traded securities.

### **1.- Applicability:**

Issuers that publicly offer their securities and where allowed by law; controlling shareholders; members of their management; members of their supervisory bodies or statutory auditors.

### **2.- Material Events**

#### **2.a) General Rule:**

Securities regulatory authorities shall receive written, true and complete information of any fact or event which due to its importance, might materially affect:

- 1.- the placement of securities;
- 2.- their quotation in the secondary markets;
- 3.- the decision of investors to buy, sell, or hold securities.

This information should be provided to securities regulatory authorities directly and immediately after such fact or event has occurred, or after taking notice that the fact or event has occurred if it was caused by third parties.

The present general rule applies whether the events occurred with the issuer or its subsidiaries.

When disclosure prior to completion could jeopardize the successful completion of the matter subject to the disclosure requirement, the regulatory authorities may extend a disclosure waiver for a limited period of time.

## **2.b) Specific Rules:**

The moral and physical persons mentioned in Section 1 shall specifically inform the securities regulatory authorities about any of the following events:

- Any changes in the company's corporate purpose and any material alterations in the company's activities or the initiation of new ones.
- Disposition or acquisition of a significant part of the company's fixed assets as per the last balance sheet.
- Resignation or removal of members of the management or of the supervisory body and their substitutes.
- Any decision taken to carry out or to modify extraordinary investments or entering into or modifying the financial or commercial transactions that might have an impact on the company's situation.
- Profits and / or losses equivalent to a significant part of the company's net worth.
- Occurrence of any event of dissolution, indicating the steps that will be proposed when the event is curable.
- Application by the company for the commencement of a bankruptcy reorganization procedure, revocation, judicial approval or rejection of the terms and conditions of the reorganization proposal, petitions by the company or a third party for the bankruptcy liquidation of the company, declaration or rejection of the bankruptcy liquidation, describing the reasons for such decision, method of termination of bankruptcy, requests for bankruptcy extension to other companies and underlying liabilities, pre-bankruptcy arrangements whether or not under court supervision and whether or not in accordance with the procedure set forth by applicable bankruptcy law.
- Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications in the company's business.

- Judicial actions of any nature initiated by or against the company of material economic importance or otherwise material for the prospects of the company, the development of its activities and the relevant resolutions adopted in such process.
- Any licensing or franchising agreement or its cancellation which may materially affect the issuer's operations.
- Any occurrence of an event of default under the terms and conditions of any issue of debentures, negotiable obligations, bonds or any other publicly traded security.
- Constitution of mortgages or pledges on assets when they exceed a significant part of the company's net worth.
- All guarantees and sureties granted indicating the consideration thereof, the guarantees or sureties were issued and the amount of the obligation, when they exceed a significant part (20%) of the company's net worth, as well as the ones granted to secure transactions unrelated directly with the company's business when they exceed a certain percentage of the issuer's net worth. Financial institutions shall only report those guarantees and sureties granted beyond the regular course of business.
- Any purchase or sale of stock or convertible debt securities of other companies when the amount exceeds a significant part of the issuer's or purchaser's net worth.
- Contracts of any nature that limit the distribution of profits with copies thereof.
- Facts of any nature that materially affects or might materially affect the economic, financial or equity situation of these companies controlling, or controlled by the company including the sale of or the constitution of sureties / pledges on an important part of such companies assets.
- Authorization, suspension, retirement or cancellation of the listing of the company's securities in the country or abroad.
- Penalties to the company or to its corporate bodies by the regulatory authorities.

- Voting agreements when known.
- Any contract between the company, directly or indirectly and the members of its corporate bodies, management and members of the supervisory body, or any legal entity controlled by this persons that are not entered on an arms´ length basis or otherwise beyond the regular activities of the company, together with a copy of such agreements.
- Changes on the stockholding of the controlling shareholders.
- Merger, consolidation, or spin - off the company.
- Alteration of the rights and privileges of the securities issued by the company.

The above list is only indicative and it won´t discharge the persons mentioned before of the obligation to inform every other fact or act included under the general rule but not specifically included above.

### **3.- Publication**

Material information shall also be immediately disclosed by the companies to the public through any means of wide dissemination. Companies that have their securities listed on self-regulated entities shall present to such entities similar information that the one required above and it must be published immediately in such entities bulletin or in any other place that assumes a wide dissemination.

In case that the media report some incorrect information, which will interfere with the prices of stocks and the rights of shareholders, the affected companies should clarify the information through a similar media ensuring similar dissemination.