



FAR EASTERN UNIVERSITY

P.O. BOX 609

MANILA, PHILIPPINES

October 11, 2012

Mr. Roel A. Refran
Chief Operating Officer
Philippine Stock Exchange
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Dear **Mr. Refran**:

We received your letter dated August 14, 2012 on October 02, 2012 urging us to request our transfer agent to rely on the KYC procedure in lieu of the personal appearance of stockholders in the transfer of shares of stock.

In this connection, please refer to the attached reply of our transfer agent, Arsel Development Corporation declining said request.

We acknowledge your concern for the convenience of our stockholders and investors. However, we also agree that due diligence should be exercised on stock transactions to protect the interest of our stockholders.

Thank you.

Very truly yours,


Angelina P. Jose
Corporate Secretary

ARSEL DEVELOPMENT CORPORATION

October 8, 2012

FAR EASTERN UNIVERSITY
Nicanor Reyes St., Sampaloc, Manila

Gentlemen,

This has respect to the August 14, 2012 letter of Atty. Roel Refran, the Chief Operation Officer of the Philippine Stock Exchange requesting that **in lieu of personal appearance of stockholders**, you rely on the KYC procedures previously taken by the brokers or the banks. Banks have records on their depositors, and this is also the case with brokers and transfer agents. Records of banks, brokers and transfer agents respectively contain information confidential and known only to them and are unique to their business.

Admittedly, issuers and its transfer agents are no longer considered as "covered institutions" under the mantle of the Anti Money Laundering Law (AMLA) however, it is **still the duty** of the issuer and the transfer agent to protect the stockholders from unauthorized transfers. And, it is the right of the corporation and its transfer agent "to use reasonable diligence", adopt measures and requirements to achieve this end.

In recording or registration of lodgement to the PCD Nominee Inc. (PCNC), the stock and transfer book will show that the share's ownership is transferred from the stockholder to the PCNC. Hence, it is the duty of the corporations and transfer agents to ensure that the stockholders have duly authorized the lodgement of their shares.

In view of the above, we the transfer agent cannot waive the requirement of personal appearance of the stockholder and we submit that we will continue to exercise due diligence on transactions.

If you however are to grant the PSE their request, we will request that you, the issuer, execute an indemnity agreement in favor of Arsel Development Corporation, absolving the latter free from any liability should controversy arise from the non-appearance of the stockholder.

Truly yours,

ARSEL DEVELOPMENT CORPORATION

by:


ATTY. CESAR Q. ZAGADO
Legal Counsel