



Philequity Corner (February 19, 2018)
By Wilson Sy

Finally, United in One House

Today, February 19, stockbrokers from Ortigas and Ayala will all troop to their new home in BGC, the Philippine Stock Exchange Tower. This is a historic day as this is the first time since 1963 that the two rival bourses will be physically united in one trading floor.

Sentimental and Nostalgic

Last week, the Ayala and Ortigas trading floors rang their trading bells for the final farewell. Stockbrokers were teary eyed and nostalgic as they bid adieu to their home for more than 25 years. There is a lot of drama and emotions involved because the brokers have deep emotional ties to their respective trading floors. This was manifested by Manila Stock Exchange brokers visiting the exchange despite their old age, like Mariano Godinez who is already 99 years old and Benjamin Coca who is 97 years old. In Ayala, you had 101-year old Alex de Castro make the journey to the Makati trading floor so he could relive his fondest memories. Each side had their respective parties where there were speeches, singing and reminiscing.

What is all the drama about? Why are people so sentimental? What is behind all these emotions and nostalgia?

PSE is 90 years old

The road to this unification has been a long and winding one, giving the PSE a very interesting history. Trading in the Philippines started with the founding of the Manila Stock Exchange on August 8, 1927. Having been incorporated in 1992, the PSE is officially 25 years old. However, if we include the tenure of its predecessor, the Manila Stock Exchange, the PSE is actually 90 years old and one of the oldest stock exchanges in Asia.

Rivalry

36 years after the founding of Manila Stock Exchange, a renegade group of brokers split from its ranks and created their own bourse. They established the Makati Stock Exchange on May 27, 1963. This created a rift between the 2 sets of brokers which led to shouting matches whenever they see each other and multiple court cases being filed by each side against the other. Many issues also came to fore, such as whether a stock should be listed on the rival stock exchange.

Manila vs. Makati

This long running battle continued for decades, with both Makati and Manila Stock Exchange securing their own respective headquarters. Philippine Realty and Holdings Corporation donated the Philippine Stock Exchange Center while Ayala Land donated the Philippine Stock Exchange Plaza.

Shotgun marriage

Finally, seeing how having 2 stock exchanges did not make sense, then-President Fidel Ramos forced a marriage between the two stock exchanges. In fact, even the ADB was involved as one of their conditions for a grant was a merger between the Makati and Manila stock exchanges. This is why the PSE's first shareholders meeting was held at the ADB auditorium on December 23, 1992.

Living in separate houses

Because of animosity and unflinching loyalty, each side voted for their own directors and always went against any decision by the other party. Neither side was willing to budge into moving to another location. Both camps insisted that their own trading floor is the place where they belong. In addition to this unflinching loyalty, the properties they occupied were also donations that they might lose if they stopped using it and moved to a new location. Even though they were married, neither side want to give up their own home, so they continued to live in separate houses. This unflinching loyalty reminds me of the Ateneo's school song which we paraphrase:

Through joys and tears, through the laughing years
We sing our battle song:
Win or lose,
It's the school (building) we choose
This is the place where we belong.

Fighting over a name

During the merger process, the Makati and Manila factions continued their bitter rivalry. For one, there was a highly contested election for the official headquarters. Not only did they clash over the buildings, but they also fought over the name. This is why the Tektite location was called PSE Center and the Ayala location was called PSE Plaza.

Linking the two exchanges

The Tektite trading floor started the computerization of its trading systems on January 4, 1993. The Ayala trading floor did the same on June 15 of the same year. However, there was still no physical link between the two exchanges, with the stock market's activity still split between the two. Eventually, this problem was solved when both systems were electronically linked in 1994 despite the high cost and many challenges it faced at that time.

5th Avenue corner 28th Street

25 years after their marriage, both stock exchanges still did not live together in one house. That changes today when the PSE moves into their new home at 5th Avenue corner 28th Street in BGC. The PSE Tower will house an all-new modern trading floor, the PSE Museum, a stock market-themed broker's lounge, offices for the PSE, its affiliates and majority of the stockbrokers. The PSE Tower will also have a ticker tape visible from Bonifacio High Street, 5th Avenue and 28th Street.

A historic day

In the speech of Jaime Augusto Zobel last week at the PSE, he stated that many milestones have been accomplished in the Ayala trading floor. Today's move is another milestone as the warring brokers who have been fighting since 1963 (for 55 years) have finally set aside their differences and stand united in one house.

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