

**SEC Memorandum Circular No. 8
Series of 2020**

**SUBJECT : ADOPTION OF ACCOUNTING STANDARDS AND
PHILIPPINE INTERPRETATIONS COMMITTEE
QUESTIONS AND ANSWERS (PIC Q&As)**

The Commission, in its meeting held on 12 March 2020, approved the adoption of the following pronouncements as part of SEC's rules and regulations on financial reporting:

A. Accounting Standards

Pronouncement	Effectivity date
PFRS 17, Insurance Contracts	Effective for annual periods beginning on or after January 1, 2021.
Amendments to PAS 19, Plan Amendment, Curtailment or Settlement	Effective for annual periods beginning on or after January 1, 2019.
Annual Improvements to PFRSs 2015-2017 Cycle	Effective for annual periods beginning on or after January 1, 2019.
Amendments to PFRS 3, Definition of a Business	Effective for annual periods beginning on or after January 1, 2020.
Amendments to PAS 1 and PAS 8, Definition of Material	Effective for annual periods beginning on or after January 1, 2020.
Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments	Effective for annual periods beginning on or after January 1, 2019.



B. PIC Q&As

PIC Q&A No. 2018-01, PAS 8 - Voluntary changes in accounting policy	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-02, PAS 36 - Non-controlling interests and goodwill impairment test	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-PFRS 13, PAS 16 and PAS 36 - Fair value of property, plant and equipment and depreciated replacement cost	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-04, PAS 41 - Inability to measure fair value reliably for biological assets within the scope of PAS 41, Agriculture	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-05, PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-06, PAS 27 - Cost of investment in subsidiaries in separate financial statements when pooling is applied in consolidated financial statements	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-07, PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-08, PFRS 10 and PFRS 3 - Accounting for the acquisition of a non-wholly owned subsidiary that is not a business	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-09, PAS 21 - Classification of deposits and progress payments as monetary or nonmonetary items	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-10, PAS 2 - Scope of disclosure of inventory write-downs	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-11, Classification of land by real estate developer	The consensus in this Q&A is effective from the date of the approval by the FRSC.
PIC Q&A No. 2018-13, Conforming Changes to PIC Q&As - Cycle 2018	The effective date of the amendments is included in the affected Q&As.
PIC Q&A No. 2018-14, PFRS 15 -	The effective date and transition

Pronouncement	Effectivity date
Accounting for Cancellation of Real Estate Sales ¹	provision of this Q&A follow those of PFRS 15 Appendix C, upon approval by the FRSC.
PIC Q&A No. 2018-15, PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	The consensus in this Q&A is effective from the date of approval of the FRSC and should follow the provisions under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
PIC Guidance of Financial Reporting June 2018	The effective date of the amendments is included in the Q&As affected.

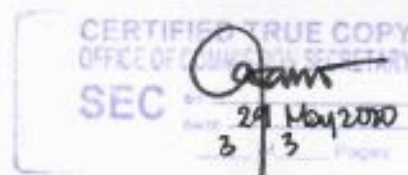
All of the foregoing pronouncements have been adopted by the Philippine Financial Reporting Standards Council and approved by the Board of Accountancy and Professional Regulation Commission and published in the Official Gazette.

Issued this ~~1~~ March 2020 at Pasay City, Philippines.

For the Commission:

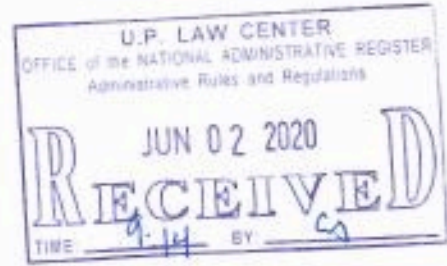

EMILIO B. AQUINO
 Chairman

¹ Deferred by SEC until December 31, 2020





SEC Memorandum Circular No. 9
Series of 2020



TO : ALL CONCERNED

SUBJECT : GUIDELINES FOR THE FILING OF THE GENERAL INFORMATION SHEET (GIS) DURING THE COVID-19 OUTBREAK AND ENHANCED COMMUNITY QUARANTINE

WHEREAS, under Section 25 of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, corporations are required to report either the names, nationalities, shareholdings, and residence addresses of the elected directors, trustees, and officers, or the fact of non-holding of such any such election, within thirty (30) days from the scheduled date of election.

WHEREAS, in Part II of SEC Memorandum Circular No. 2, Series of 2020, corporations are required to file their General Information Sheets within thirty (30) calendar days from the (a) date of actual annual stockholders' meeting for stock corporations or (b) date of actual annual members meeting for non-stock corporations.

WHEREAS, the Securities and Exchange Commission recognize the impact on the regular operations of registered corporations of the outbreak of the new coronavirus disease, COVID-19, and the community quarantines currently imposed, and which may hereafter be imposed, on different localities around the country.

WHEREFORE, in view of the foregoing, and to ease the burden on the business sector at these trying times, the SEC resolves to adopt the following measures:

Section 1. *Where Election of Directors, Trustees, and Officers was held.*

Where an election of Directors, Trustees, and Officers was held, the GIS shall be submitted within thirty (30) days from actual meeting thru mail (ordinary or registered), private courier, or email at mlmliwanag@sec.gov.ph mdtmabuyo@sec.gov.ph or cmdnotice@sec.gov.ph¹

¹ Reckoning period of the date of submission of report shall be as follows:

Published:
Philippine Daily Inquirer, March 21, 2020
Philippine Star, March 21, 2020



Section 2. *Annual meeting and Election of Directors, or Officers is not held due to health and safety reasons relating to the COVID-2019 disease -*

Election of Directors, trustees, or officers originally scheduled between 01 March 2020 and 31 May 2020, that is not held on account of health and safety reasons in relation to the COVID-19 disease and the corporation has no facilities for remote communication, shall be reported to the Commission through a notice within 30 days from the original meeting date either through mail, courier or by electronic means; accompanied by a statement specifying a new date for election which is within sixty (60) days from the originally scheduled date.

Section 3. *Non-holding of Annual meeting of Election of Directors, Trustees, or Officers due to other causes. -*

The non-holding of election due to reasons other than that provided in the immediately preceding Section, as well as the non-holding of election originally scheduled on dates outside the covered period, shall be reported to the Commission within thirty (30) days from the date of the scheduled election, and shall specify the new date for election which shall not be later than sixty (60) days from the scheduled date.

The non-holding of election initially reported as due to health and safety reasons in relation to the COVID-19 disease may nevertheless be considered as a non-holding of election due to other causes if, upon application of a stockholder, member, director, or trustees, it has been verified that the non-holding of election is indeed not related to the COVID-19 disease.

Further, if it is likewise found that the non-holding of election is unjustified under the circumstances, the Commission shall issue an order directing the issuance of a notice stating the time and place of the election in accordance with Section 25 of the Revised Corporation Code.

-
- a. For mail (ordinary or registered): date of mailing as stamped. "received" by the post office;
 - b. Private courier (date of actual receipt of SEC); and
 - c. Electronic means: date of receipt of SEC system as reflected in the email date and hour. Provided further that the hard copy shall be filed within 30 days from the lifting of the emergency/outbreak and attaching the e-mail notification for ease of reference.



Section 4. The report on non-holding of annual meeting in accordance to Sections 2 and 3 hereof shall be submitted to cmdnotice@sec.gov.ph and shall contain the following:

1. Corporate name;
2. SEC Registration Number;
3. Date of annual meeting per By-Laws;
4. Date of actual meeting;
5. Reason for the non-holding of meeting;
6. Venue of the intended meeting; and
7. Signed and dated by the Corporate Secretary

Section 5. *Report of Election; Non-holding of annual meeting, where no stockholder, member, director, or trustees applied for an order from the Commission that an election be held. -*

Results of the election of directors, trustees, or officers subsequent to the report of non-holding of elections as provided in Sections 2 and 3 above, and which is held outside the covered period, shall be reported to the Commission through the submission of a General Information Sheet within thirty (30) days from the date of actual meeting when the election was held. The GIS submitted pursuant to this paragraph shall no longer enjoy the same forbearance from the penalty for late submission as provided in Section 1.

Section 6. *Extension of Coverage. -*

After this memorandum circular comes into force, and upon evaluation of ensuing developments relative to the COVID-19, and the Enhanced Community Quarantine, the Commission may nevertheless extend the covered period provided as deemed necessary.

Section 7. *Effectivity. -*

This Memorandum Circular shall take effect immediately.

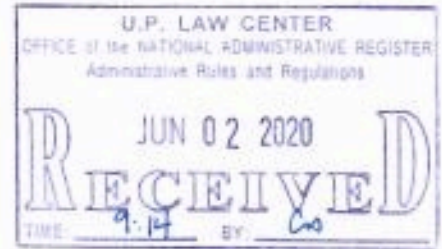
18 March 2020 Pasay City, Philippines.


EMILIO B. EQUINO
Chairperson

Page 3 of 3



SEC Memorandum Circular No. 11
Series of 2020



TO : ALL CONCERNED

SUBJECT : GUIDELINES FOR THE SUBMISSION OR FILING OF SECURITIES DEPOSIT DURING THE COVID-19 OUTBREAK AND THE ENHANCED COMMUNITY QUARANTINE

WHEREAS, under Section 143 of the Revised Corporation Code of the Philippines ("RCC"), all branch offices of foreign corporations duly licensed to do business in the Philippines, except foreign banking or insurance corporations, shall deposit with the Commission for the benefit of present and future creditors of the licensee in the Philippines, securities satisfactory to the Commission, consisting of bonds or other evidence of indebtedness of the Government of the Philippines, its political subdivisions and instrumentalities, or of government-owned or -controlled corporations and entities, shares of stock or debt securities that are registered under Republic Act No. 8799, otherwise known as "The Securities Regulation Code", shares of stock in domestic corporations listed in the stock exchange, shares of stock in domestic insurance companies and banks, any financial instrument determined suitable by the Commission, or any combination thereof with an actual market value of at least Five hundred thousand pesos (P500,000.00) or such other amount that may be set by the Commission.

WHEREAS, under Section 2 of SEC Memorandum Circular No. 17, Series of 2019, otherwise known as the "Revised Guidelines on Securities Deposit of Branch Offices of Foreign Corporations", all branch offices of foreign corporations duly licensed to do business in the Philippines mentioned in Section 143 of the RCC, shall deposit securities within 60 days after the issuance of its SEC license, securities with an actual market value of at least P500,000.00.

WHEREAS, Section 2 of SEC Memorandum Circular No. 17, Series of 2019, additional securities shall be deposited within six months after the end of the fiscal year in the Financial Statements (FS) in the following situations:

- a. If the licensee's gross income within the Philippines for the fiscal year exceeds P10,000,000.00, additional securities with an actual market value equivalent to two percent (2%) of the increase in said gross income; and
- b. If the actual market value of the securities deposit or financial instruments has decreased by at least ten percent (10%) from the time it was deposited, additional securities with an actual market value that would cover decrease.

WHEREAS, the Securities and Exchange Commission recognizes the impact of the global pandemic brought by the new coronavirus disease, COVID-19, not just to business operations of registered corporations and licensed branch offices in the Philippines but also to foreign corporations all over the world.

NOW THEREFORE, to ease the burden brought about on the business sector during this extraordinary times, the SEC resolves the following guidelines:

✉ PICC Secretariat Building, Pasay City | ☎ (+632) 818-6120 / (+632) 818-9763
www.sec.gov.ph | inquiry@sec.gov.ph

Published:
Philippine Daily Inquirer, April 12, 2020
Manila Times, April 12, 2020



1. Branch offices of foreign corporations duly licensed to do business in the Philippines required to file its initial securities deposit within 60 days after the issuance of its SEC license, which period falls during the effectivity of the Enhanced Community Quarantine, shall be given thirty (30) days from the lifting of said Enhanced Community Quarantine, to file the initial securities deposit under Section 2(a) of SEC Memorandum Circular No. 17, Series of 2019.

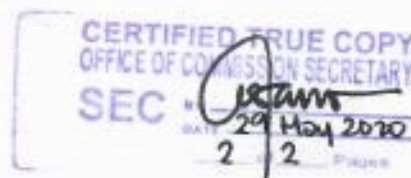
2. Additional securities deposit mentioned in the schedule provided in Section 2 (b) of SEC Memorandum Circular No. 17, Series of 2019, due for deposit during the effectivity of the Enhanced Community Quarantine, shall likewise be given thirty (30) days from the lifting of Enhanced Community Quarantine to deposit additional securities.

3. Securities deposit that matured during the effectivity of the Enhanced Community Quarantine shall likewise be given thirty (30) days from the lifting of Enhanced Community Quarantine to file an application for substitution of securities under Section 8 of SEC Memorandum Circular No. 17, Series of 2019.

4. This Memorandum Circular shall take effect immediately.

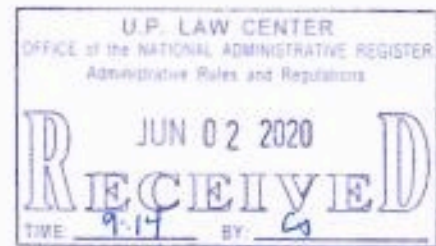
26 March 2020 at Pasay City, Philippines.


EMILIO B. AQUINO
Chairperson





SEC MEMORANDUM CIRCULAR NO. 12
Series of 2020



TO : PUBLICLY-LISTED COMPANIES

SUBJECT : SHAREHOLDERS'S APPROVAL ON SALE OF CORPORATE ASSETS

To promote good corporate governance and the protection of minority investors, the Commission, pursuant to its regulatory power under Section 179(d) of Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines (RCCP) and Administrative Order No. 38, Series of 2013 resolved to adopt the following rules:

- (1) The sale or disposal of corporate property and assets amounting to at least 51% of the corporation's total assets shall be considered as sale of all or substantially all of corporate property and assets, whether such sale accrued in a single transaction or in several transactions taking place within one (1) year from the date of the first transaction (aggregate sale transactions).
- (2) In sale of corporate assets or property falling under the preceding paragraph, the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock in a stockholders' meeting duly called for the purpose shall be required prior to the execution of the sale transaction.
- (3) In aggregate sale transactions, shareholder approval shall be required for the sale transaction that breaches the 51% corporate asset threshold.
- (4) The determination of whether or not the sale amounts to at least 51% of the corporation's assets must be computed based on its total assets as shown in its latest audited financial statements, provided that the computation may also be based on the latest quarterly financial statement or a special purpose financial statement prepared in connection with the execution of the transaction.

If, after due notice and hearing, the Commission finds that any provision of this Memorandum Circular has been violated, the Commission may impose any or all of the sanctions provided under Section 158 of the RCCP.

Published:
Manila Bulletin, April 15, 2020
Philippine Star, April 15, 2020



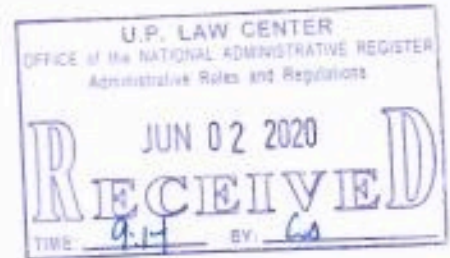
This Memorandum Circular shall take effect upon its publication in two (2) newspapers of general circulation in the Philippines.

Pasay City, Philippines, 7 April 2020.

For the Commission:


EMILIO B. AQUINO
Chairperson

CERTIFIED TRUE COPY
OFFICE OF COMMISSION SECRETARY
SEC 
29 May 2020
2 of 2 Pages



SEC MEMORANDUM CIRCULAR NO. 13
Series of 2020

TO : PUBLICLY-LISTED COMPANIES (PLCs)

SUBJECT : EXTENSION OF DEADLINE FOR THE SUBMISSION OF THE SUSTAINABILITY REPORT (SR)

WHEREAS, the Commission has issued an extension on deadline for the submission of Annual Report (SEC Form 17-A) until 30 June 2020, through SEC Memorandum Circular (M.C.) No. 5, Series of 2020 in relation to SEC Notice dated 18 March 2020;

WHEREAS, the SR is a required attachment in the Annual Report (SEC Form 17-A) such that the non-attachment thereof is subject to the penalty for Incomplete Annual Report pursuant to SEC M.C. No. 4, Series of 2019 (Sustainability Reporting Guidelines) in relation to SEC M.C. No. 6, Series of 2005 (Consolidated Scale of Fines);

NOW, THEREFORE, the Commission hereby resolves to **EXTEND** the deadline for the submission of the SR for PLCs whose fiscal year ends on 31 December 2019 (or 30 November 2019)¹ to align the same with the extended deadline of the Annual Report, subject to the following guidelines:

- (1) The submission of the Sustainability Report (SR), as an attachment to the Annual Report, is extended **until 30 June 2020 or the extended period provided under SEC M.C. No. 5, series of 2020**, and pursuant to the provisions thereof.
- (2) PLCs that have filed or will file their Annual Report without the SR attached thereto shall not be considered to have filed an Incomplete Annual Report, provided that the SR shall be filed **until 30 June 2020** by filing an Amended Annual Report (SEC Form 17-A), subject to the provisions of these guidelines.
- (3) For PLCs that will opt to submit their SR by filing an Amended Annual Report pursuant to the provision of the immediately preceding paragraph, the submission must be accompanied by a copy of the previously submitted Annual Report and a Certification stating the following:
 - a) That the information contained therein are true and correct;
 - b) That an Annual Report (SEC Form 17-A) had been previously filed with the SEC, and indicating therein the date of filing of the said report;

¹ Pursuant to SEC Notice dated 18 March 2020.



- c) That the Amended Annual Report is filed solely for the purpose of submitting the SR attached thereto or referenced therein and that no other changes were made to the Annual Report as previously filed; and
- d) That the person signing the certification is duly authorized by the company to prepare and file the SR in accordance with this Memorandum Circular.

The Certification must be signed by the PLC's authorized representative and attested by its President.

(4) The extension shall automatically be applied without the need for a request from covered PLCs. This extension notwithstanding, PLCs are not precluded from submitting their SR together with the Annual Report on the original deadline (i.e. 105 days after the end of fiscal year or 14 April 2020).

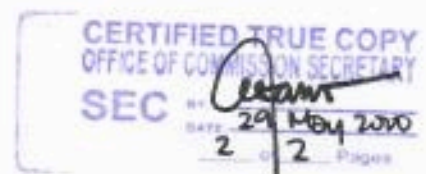
(5) PLCs that submit their SRs in accordance with this Memorandum Circular shall not incur penalties for an Incomplete Annual Report.

This Memorandum Circular shall take effect immediately.

Pasay City, Philippines, 21 April 2020.

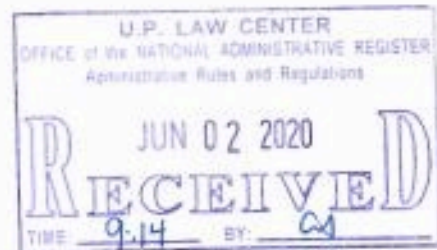
For the Commission:


EMILIO B. AQUINO
Chairperson





Securities and
Exchange
Commission
PHILIPPINES



SEC MEMORANDUM CIRCULAR NO. 14
Series of 2020

TO : PUBLICLY-LISTED COMPANIES

**SUBJECT : SHAREHOLDERS' RIGHT TO PUT ITEMS
ON THE AGENDA FOR REGULAR/ SPECIAL
STOCKHOLDERS' MEETINGS**

To promote good corporate governance and the protection of minority investors, the Securities and Exchange Commission, pursuant to its regulatory power under Section 179(d) of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines (RCC), and Administrative Order No. 38, Series of 2013, resolved to issue the following rules:

- (1) Shareholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of a publicly-listed company (PLC) shall have the right to include items on the agenda prior to the regular/special stockholders' meeting.
- (2) All items added on the agenda by qualified shareholder(s) pursuant to this Memorandum Circular after the Definitive Information Statement (DIS) has been filed with the Commission shall be filed under "Other Matters." In this regard, the reporting PLC shall no longer be required to amend its DIS.
- (3) Any officer or agent of the corporation who shall unjustly refuse to allow a shareholder or group of shareholders, duly qualified and holding the required percentage of outstanding shares of the corporation, to exercise his/her right to put items on the agenda shall be liable under Section 158 of the RCC: *Provided*, that, if such refusal is made pursuant to a resolution or order of the board of directors, the liability under this section for such action shall be imposed upon the directors who voted for such refusal: *Provided, further*, that it shall be a defense to any action under this Memorandum Circular that the shareholder exercising any of these rights was not acting in good faith or for a legitimate purpose.

If, after due notice and hearing, the Commission finds that any provision of this Memorandum Circular has been violated, or that any of the right hereunder has been abused, the Commission may impose any or all of the sanctions provided under Section 158 of the RCC.

Published:
Manila Bulletin, April 30, 2020
Philippine Star, April 30, 2020



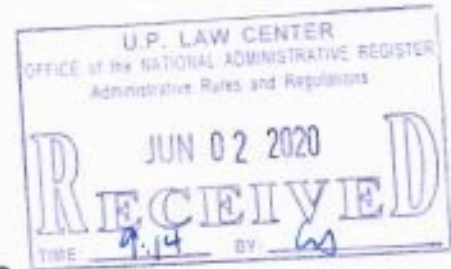
This Memorandum Circular shall take effect upon its publication in two (2) newspapers of general circulation in the Philippines.

Pasay City, Philippines, 28 April 2020.

For the Commission:


EMILIO B. AQUINO
Chairperson

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OFFICE OF COMMISSION SECRETARY
SEC 
DATE 29 May 2020
2 of 2 Pages



SEC Memorandum Circular No. 15
Series of 2020

TO : **ALL INVESTMENT COMPANIES
FUND MANAGERS
OTHER ENTITIES DEALING WITH INVESTMENT
COMPANIES**

SUBJECT : **RULES ON INVESTMENT IN FINANCIAL DERIVATIVES**

WHEREAS, Section 35(a) of Republic Act No. 2629, or the Investment Company Act (ICA), and Section 72 of Republic Act No. 8799, or The Securities Regulation Code (SRC), vest upon the Securities and Exchange Commission the authority to make, issue, amend, and rescind rules and regulations and orders which are necessary or appropriate to the exercise of the powers conferred upon it in the ICA and the SRC;

WHEREAS, Rules 6.5, 6.8 (b), 6.8 (d) (iii) and 6.8 (h) of the Implementing Rules and Regulations of the Investment Company Act (ICA-IRR) provide for the basic rules on financial derivatives;

WHEREAS, the Commission seeks to enhance the Rules and provide specific guidelines for financial derivatives to be followed by investment companies, fund managers and other persons or entities involved therein;

WHEREAS, the Commission seeks to align the Rules with global standards and practices in order to develop the Philippine capital market and help prepare investment companies to qualify and compete in international cross-border transactions;

WHEREAS, the Rules are designed to improve the regulatory compliance of investment companies and their fund managers and to ensure adequate protection for shareholders and unitholders;

IN VIEW OF THE FOREGOING, without prejudice to the provisions of the ICA-IRR on financial derivatives not inconsistent with these Rules, the following are hereby promulgated:

SECTION 1. Requirements of Financial Derivatives

1. Financial derivatives must meet the following requirements:

Published:
Manila Bulletin, April 30, 2020
Philippine Star, April 30, 2020



a) The investment must be dealt in:

1. On an exchange; or
2. Over the counter ("OTC financial derivative") provided that:
 - A. The counterparty is a financial institution subject to prudential supervision, and approved by the relevant authority in its Home Jurisdiction;
 - B. It is subject to reliable and daily valuations that are based on:
 1. Up-to-date market values, which do not rely only on market quotations by the counterparty; or
 2. Pricing models based on an adequate and generally accepted practice methodology and where the values are subject to verifications at an appropriate frequency by either:
 - A. An independent third party; or
 - B. A unit within the asset management company that is independent from the one in charge of managing the assets;
 - C. It can be sold, liquidated or closed by an offsetting transaction at any time at its fair value.

b) The underlying must consist of:

1. Eligible assets;
2. Financial indices;
3. Foreign exchange rates/ currencies;
4. Interest rates;
5. Credit spread; or
6. A rate of inflation calculated, endorsed or determined by a government or government agency.

c) Where the underlying is a financial index, the index must satisfy the following requirements:

1. Comprises eligible assets and commodities;
2. Be diversified such that the maximum weight per constituent does not exceed thirty percent (30%) of the index or the underlying securities should have the same weight as the index;
3. Be developed by an independent and reputable agency, or unit within a financial institution or conglomerate that is independent

from the asset management unit, provided the fund manager shall have a system or effective arrangement in place to manage potential conflicts of interest and based on a recognized and accepted methodology;

4. Represents an adequate benchmark for the market and is widely accepted in international financial markets;
5. The index value is published daily through media, which disseminates information in a timely manner and is accessible either publicly or on a subscription basis; and
6. Information on the index is published and readily accessible.

Guidance

Information on the index includes the index composition and methodologies used to: (i) construct the index; (ii) select the constituents; (iii) collect the price data of constituents; and (iv) rebalance the index.

SEC. 2. Investment Limits

Single business group limit

1. An investment company must not invest, in aggregate, more than twenty (20%) of its net assets in:

- a) Transferable securities;
- b) Money market instruments;
- c) Deposits; and
- d) OTC financial derivatives

issued by any single business group, provided the investments in OTC financial derivatives with non-investment grade or unrated counterparty shall not exceed five percent (5%) of the net assets of the investment company.

Aggregate limit

2. Investments in:

- a) Deposits placed with unrated or non-investment grade deposit-taking institution;
- b) Debt securities or money market instruments not dealt in on organized market or issued by an unrated or non-investment grade issuing body;
- c) Unlisted shares; and
- d) OTC financial derivatives with non-investment grade or unrated counterparty

must not, in aggregate, exceed fifteen (15%) of the net assets of the investment company provided the investments enumerated herein shall not exceed five percent (5%) of the net assets of the investment company.

For the avoidance of doubt, the exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the investment company if the counterparty defaults, subject to the calculation method set out under clause 1 of the Appendix.

The aggregate fifteen percent (15%) limit does not apply to deposits, debt securities or money market instruments or OTC financial derivatives where the:

- a) Deposit-taking institution, issuing body or counterparty is rated investment grade only with a national rating scale, which refers to a rating falling within the top four (4) long-term credit ratings or the top three (3) short-term credit ratings provided on an international scale; and
- b) The jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade.

Use of Financial Derivatives

3. An investment company may invest in financial derivative instruments provided that the fund manager employs a risk-management process, which captures the risks associated with the use of financial derivatives and satisfies all of the following requirements on an ongoing basis:

- a) The global exposure, calculated based on the commitment approach set out in the Appendix, to financial derivatives or embedded financial derivatives must not exceed twenty percent (20%) of the net assets of the investment company;
 - b) The investment company must, at all times, be capable of meeting all its payment and delivery obligations incurred by transactions involving financial derivative instruments;
1. In the case of financial derivatives which will, or may at the option of the investment company, be cash-settled, the scheme should hold, at all times, liquid assets sufficient to cover the investment company's obligations.

Guidance

For example, when the investment company takes a long position on futures on listed stock, the scheme should hold liquid assets equal to the amount by which the exercise price of the underlying stock exceeds the spot price multiplied by the number of the contracts and the notional contract size at all times. Similarly, in case of a short position on futures or short call options, the amount of liquid assets

to be held should be equal to the amount by which the spot price exceeds the exercise price of the underlying stock multiplied by the number of the contracts and the notional contract size at all times. However, if the investment company takes a long position on call or put options on listed stock, the scheme will not be required to hold such liquid assets.

2. In the case of financial derivatives which will, or may at the option of the counterparty, require physical delivery of the underlying assets, the investment company should hold the underlying assets in sufficient quantities to meet the delivery obligation at all times. If the fund manager deems the underlying assets to be sufficiently liquid, the investment company may hold as coverage other liquid assets in sufficient quantities, provided that such alternative assets may be readily converted into the underlying asset at any time to meet the delivery obligations.

Guidance

For example, when the investment company takes a short position on futures or short call options on ABC bond with the condition of physical delivery, and if ABC bond is not sufficiently liquid, the scheme should hold that ABC bond in sufficient quantities to meet the delivery obligation at all times. However, if ABC bond is sufficiently liquid, the scheme may hold as coverage other liquid assets in sufficient quantities.

- c) The exposure to the underlying assets do not exceed, in aggregate, the investment limits laid down in clauses 1 to 2 of Section 2 and Rule 6.8 of the ICA-IRR except Rules 6.8 (b), 6.8 (d) (iii), and 6.8 (h); and
 - d) The fund manager of the investment company may not act as the counterparty to an OTC derivative invested into by the investment company.
4. Notwithstanding clause 3(a) of Section 2, the global exposure, calculated based on the commitment approach set out in the Appendix, of an index-tracking investment company that invests in exchange-traded financial derivatives for the purpose of index replication must not exceed one hundred percent (100%) of the net assets of the investment company.

Counterparty of Financial Derivatives

5. The maximum exposure of an investment company to the counterparty of an OTC financial derivative must not exceed:
 - a) In the case of a counterparty with a minimum long-term rating of investment grade, ten percent (10%) of the net assets of the investment company; or

- b) In any other case, five percent (5%) of the net assets of the investment company.

Notwithstanding paragraph 5(a) of Section 2, the minimum credit rating requirement may be met if the scheme has the benefit of a guarantee by an entity which has a long-term rating of investment grade.

6. The total exposure to a single counterparty, or group of counterparties, is calculated by summing the exposure arising from all OTC financial derivative transactions entered into with the same counterparty or group, as the case may be.

7. Collateral arrangements may be taken into account to reduce a scheme's exposure to financial derivatives. To reduce the exposure, the collateral should be:

- a) Marked to market daily;
- b) Transferred to the investment company or its agent; and
- c) Immediately available to the investment company, without recourse to the counterparty, in the event of a default of that entity,

subject to such guidelines or standards as may be prescribed by the Commission.

Embedded Financial Derivatives

8. Where a transferable security or money market instrument embeds a financial derivative, the requirements in clauses 3 and 4 of Section 2 apply to the embedded financial derivative.

9. Where the counterparty risk of the embedded derivative is or may be transferred to the scheme, the requirements in clauses 5 to 7 of Section 2 also apply to the embedded financial derivative.

10. A transferable security or money market instrument is considered to be embedding a financial derivative if it contains a component which fulfills the following criteria:

- a) The component results in some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract to be modified according to a variable set out under clause 1 (b) of Section 2, and therefore vary in a way similar to a stand-alone financial derivative;
- b) The component's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- c) The component has a significant impact on the risk profile and pricing of the transferable security or money market instrument.

11. A transferable security or a money market instrument should not be regarded as embedding a financial derivative where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component should be deemed to be a separate financial instrument.

12. Where an instrument is structured as an alternative to an OTC financial derivative or tailor-made to meet the specific needs of a scheme, the instrument should be deemed as embedding a financial derivative.

SEC. 3. Glossary

Financial Derivative – refers to a financial instrument which derives its value from, or whose value depends on, the characteristics of one or more underlying assets, reference rates or indices.

Single Business Group – refers to a company, its subsidiaries, fellow subsidiaries, parent company and ultimate parent company.

SEC. 4. Effectivity

This Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Pasay City, Philippines, 21 April 2020.

For the Commission:


EMILIO B. AQUINO
Chairperson

Appendix

A. Calculation of Exposures in Financial Derivatives on Maximum Potential Loss

1. The calculation method for the exposure to a counterparty of an OTC financial derivative will be the sum of the:
 - a) Current positive replacement cost of each OTC financial derivative by carrying out a valuation at market price; and
 - b) "add-on factor" by multiplying the notional principal amount or the market value of the underlying asset of the OTC financial derivative, whichever is more conservative, by the percentages in the table below to reflect the potential credit risk:

Residual Term	Interest rate contracts	Exchange rate contracts	Equity derivative contracts	Total Return Swaps and Credit Default Swaps	Other contracts
1 year or less	0%	1%	6%	10%	10%
>1 year and <= 5 years	0.5%	5%	8%	10%	12%
<5 years	1.5%	7.5%	10%	10%	15%

For total return swaps, the relevant percentage is 10% regardless of the residual term.

B. Commitment Approach

1. The global exposure of a scheme is calculated as the sum of the:
 - a) Absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements; and
 - b) Absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements.

Netting arrangement

2. Netting arrangements may be taken into account to reduce a scheme's exposure to financial derivatives.

3. A scheme may net positions between:
 - a) Financial derivatives on the same underlying assets, even if the maturity dates are different; or
 - b) Financial derivatives and the same corresponding underlying asset, if those underlying assets are transferable securities, money market instruments or units in other schemes.

Hedging arrangements

4. Hedging arrangements may be taken into account to reduce a schemes' exposure to financial derivatives.
5. The marked-to-market value of transferable securities, money market instruments or units in schemes involved in hedging arrangements may be taken into account to reduce the exposure of an investment company to financial derivatives.
6. The hedging arrangement should:
 - a) Not be aimed at generating a return;
 - b) Result in an overall verifiable reduction of the risk of the investment company;
 - c) Offset the general and specific risks linked to the underlying being hedged;
 - d) Relate to the same asset class being hedged; and
 - e) Be able to meet its hedging objective in all market conditions.

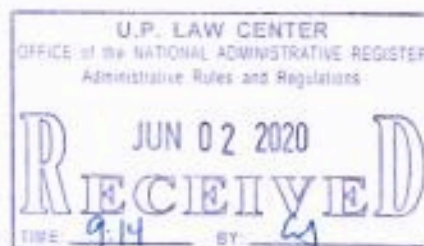
Conversion Methodology

7. The exposure to financial derivatives is determined by converting the position in the derivative into an equivalent home currency position (i.e., commitment value) in the underlying assets using the spot rate and as specified in the table below where appropriate:

Type of Derivatives	Commitment Value
Plain vanilla options (including bought/sold puts and calls)	
Bond Option	Notional Contract Value X Market Value of Underlying Reference Bond X Delta
Currency Option	Notional contract value of currency leg(s) X Delta
Equity Option	Number of contracts X Notional contract size X Market value of underlying equity share X Delta
Index Option	Notional Contract Value X Index Level X Delta or Point Value X Index level X Delta if appropriate
Interest Rate Option	Notional Contract Value X Delta
Warrants and Rights	Number of shares/bonds X Market Price of underlying Reference Instrument X Delta



Futures	
Bond Future	Notional Contract Size X Market Price of the Cheapest-to-Deliver Reference Bond
Currency Futures	Number of Contract X Notional Contract Size
Equity Futures	Notional Contract size X Market Price of Underlying Equity Security
Index Futures	Notional Contract Size X Index Level
Interest Rate Futures	Number of Contracts X Notional Contract Size
Commodity Futures	Notional Contract Size X Market Price of Underlying Commodity
Swaps	
Contract for Differences	Number of Shares/Bonds X Market Value of Underlying Reference Instrument
Credit Default Swap	Protection Buyer: Market Value of the Underlying Reference Asset Protection Seller: the Higher of the Market Value of the Underlying Reference Asset or the Notional Value of the Credit Default Swap
Currency Swap	Notional Value of Foreign Currency Leg(s)
Interest Rate Swap	Market Value of Underlying (the Notional Value of the Fixed Leg may also be applied)
Total Return Swap	Market Value of Underlying Reference Asset(s)
Forwards	
Forward Rate Agreement	Notional Value
FX forward	Notional Value of Foreign Currency Leg(s)



SEC Memorandum Circular No. 16
Series of 2020

TO : ALL CONCERNED

SUBJECT : GUIDELINES ON AUTHENTICATION OF ARTICLES OF INCORPORATION IN APPLICATIONS FOR REGISTRATION OF NEW DOMESTIC CORPORATIONS

WHEREAS, Section 13 of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, requires corporations to file with the Securities and Exchange Commission, hereinafter referred to as the "Commission," Articles of Incorporation, duly signed and acknowledged or authenticated, in such form and manner as may be allowed by the Commission;

WHEREAS, documents filed with a government office pursuant to a provision of law become public documents;

WHEREAS, bolstering ease of doing business in the Philippines, particularly with respect to starting a new corporate business, will be beneficial to the economy and may improve the business climate in the country;

WHEREFORE, as the gateway to doing business in the Philippines, the Commission resolved to adopt the following guidelines on the authentication of Articles of Incorporation for easy company registration:

SECTION 1. Scope. - These guidelines shall apply to the registration of new domestic corporations.

SEC. 2. Authentication by Incorporators. - The Commission will accept for registration Articles of Incorporation that are accompanied by a Certificate of Authentication signed by all incorporators in the form prescribed by the Commission.

The prescribed format of the Certificate of Authentication referred to in the immediately preceding paragraph is provided in Annex "A" of these guidelines, or as may be revised hereafter.

Through the mode of authentication provided under this section, both the Articles of Incorporation and the Certificate of Authentication need not be notarized nor consularized.

SEC. 3. Acknowledgment Before A Notary Public. - Notwithstanding the provisions of Section 2, the incorporators, if they so choose, may acknowledge the Articles of Incorporation before a notary public in accordance with the applicable laws and rules, and the same will likewise be accepted by the Commission.

Published:
Manila Bulletin, April 30, 2020
Philippine Star, April 30, 2020



SEC. 4. Authentication of Articles of Incorporation Executed Abroad. – If executed outside the Philippines, the Articles of Incorporation may be: (1) apostilled in accordance with the 1961 Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, otherwise known as the "Apostille Convention;" or (2) notarized or authenticated by a Philippine diplomatic or consular officer, as the case may be.

SEC. 5. Registration of Foreign Investments. - The application for registration of a new domestic corporation with more than forty percent (40%) foreign equity shall be accompanied by an application for registration of investments of non-Philippine national using SEC Form F-100, if applicable. The SEC Form F-100 must be authenticated in accordance with Section 4 above only if the same is executed outside the Philippines. Otherwise, no further authentication of said form is required.

SEC. 6. Obtaining Corporate Registration Through Fraud or Misrepresentation. – The registration of a corporation, which has procured its Certificate of Registration through fraud or misrepresentation, shall be revoked.

Furthermore, those responsible for the formation of a corporation through fraud, or who assisted directly or indirectly therein, shall be punished with a fine ranging from Two hundred thousand pesos (P200,000.00) to Two million pesos (P2,000,000.00). When the violation is injurious or detrimental to the public, the penalty shall be a fine ranging from Four hundred thousand pesos (P400,000.00) to Five million pesos (P5,000,000.00).

SEC. 7. Willful Certification of Incomplete, Inaccurate, False, or Misleading Statements or Reports. - Willfully certifying a report required under the Revised Corporation Code, knowing that the same contains incomplete, inaccurate, false, or misleading information or statements, shall be punished with a fine ranging from Twenty thousand pesos (P20,000.00) to Two hundred thousand pesos (P200,000.00). When the wrongful certification is injurious or detrimental to the public, the responsible person may also be punished with a fine ranging from Forty thousand pesos (P40,000.00) to Four hundred thousand pesos (P400,000.00).

SEC. 8. Separate Liability. - Liability for any of the foregoing offenses shall be separate from any other administrative, civil, or criminal liability under the Revised Corporation Code and other laws.

SEC. 9. Effectivity. - This Memorandum Circular shall take effect immediately after its publication.

April 29, 2020 Pasay City, Philippines.

For the Commission:


EMILIO B. AQUINO
Chairperson



CERTIFICATE OF AUTHENTICATION

ANNEX "A"

I/We, **[NAME/s OF INCORPORATOR/s]**, **[NATIONALITY]**, of legal age, and with office address at **[BUSINESS ADDRESS]**, hereby certify that:

1. I/We am/are the incorporator/s and the duly appointed representative/s of **[NAME OF BUSINESS]**, which is currently in the process of securing business registration;
2. I/We have read and understood the registration system's terms of use and privacy policy;
3. In pursuance of the application for corporate registration of **[NAME OF BUSINESS]**, and after verification with all of the incorporator/s, the complete, true, and correct information has been ascertained and personally encoded by an authorized representative of the corporation through the registration system;
4. The fully-accomplished physical copies of the incorporation documents submitted in support of the application for registration have been reviewed by all incorporator/s and I/we confirm that the information indicated therein is complete, true, and correct, and that the same accurately reflects and matches the data already provided through the registration system;
5. The documents submitted will be subjected to a post-registration evaluation to determine compliance with the applicable laws, rules, and regulations;
6. Any defect in the Articles of Incorporation and/or Bylaws, as well as other incorporation document/s, shall constitute a valid ground for the revocation of the registration and cancellation of the certificate thus issued; Provided, however, that if the defect may be cured by a Petition for Correction, or an application for amendment, of the Articles of Incorporation and/or Bylaws, **[NAME OF BUSINESS]** will file the necessary remedial measure within ninety (90) days from receipt of notice of the defect;
7. Notice/s of proceedings relating to the registration of this company may be sent to the incorporators electronically through the following e-mail address : **[COMPANY E-MAIL ADDRESS]**;
8. I/We am/are fully aware that the formation of a corporation through fraud, as well as assisting directly or indirectly thereto, is punishable under Section 164 of the Revised Corporation Code, and that the willful certification of a report required under the Revised Corporation Code, knowing that the same contains incomplete, inaccurate, false, or misleading information or statements, is likewise punishable under Section 162 of the Revised Corporation Code; and
9. All of the incorporator/s whose name/s appear/s below executed the attached Articles of Incorporation, and other incorporation documents of **[NAME OF BUSINESS]** and that the same are my/our free and voluntary act and deed.

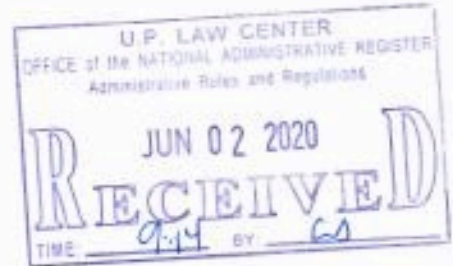
[SIGNATURE]
[NAME OF INCORPORATOR]
[TIN] or [PASSPORT NO., if foreign]
[DATE OF SIGNING]

[SIGNATURE]
[NAME OF INCORPORATOR]
[TIN] or [PASSPORT NO., if foreign]
[DATE OF SIGNING]

CERTIFIED TRUE COPY
OFFICE OF COMMISSION SECRETARY
SEC *[Signature]*
29 May 2010
3 3



Securities and
Exchange
Commission
PHILIPPINES



SEC MEMORANDUM CIRCULAR NO. 17
SERIES OF 2020

TO: ALL CONCERNED CORPORATIONS

SUBJECT: EXTENSION OF THE DEADLINE FOR THE SUBMISSION OF 2020 ANNUAL REPORTS AND/OR AUDITED FINANCIAL STATEMENTS OF COMPANIES WITH FISCAL YEAR ENDING 31 JANUARY 2020 TO 30 APRIL 2020, INCLUDING THE APPLICABLE QUARTERLY REPORTS

As the Coronavirus Disease 2019 (COVID-19) continues to spread globally and is causing serious business and economic disruptions, the extent and duration of the effect on business remains unclear. The Commission recognizes the degree of difficulty in the preparation of the financial statements and in the completion of statutory audits brought about by the challenges in the application of certain accounting standards and in the execution of statutory audits of the affected companies within the first and second quarters of the year.

In view of the foregoing and in line with the Office of the President's declaration of state of public health emergency (Proclamation No. 922, dated 08 March 2020) and the Republic Act No.11469 Section 4(z), the Commission applies measures to ease the regulatory burden on the business sector. Therefore, pursuant to the regulatory power of the Commission under Section 5.1(g) of the Securities Regulation Code (SRC) and Section 179(o) of the Revised Corporation Code, the Commission grants **extension of the deadlines for the submission of the following reports of companies with fiscal years ending 31 January 2020 to 31 March 2020, for a period of 60 calendar days from the regular filing deadlines; while for the companies with fiscal year ending 30 April 2020, an extension of the deadline for the submission of the following reports is for a period of 45 calendar days from the regular filing deadline:**

- i. Annual Reports (SEC Form 17-A) and Audited Financial Statements (AFS) of publicly-listed companies (PLC);
- ii. Annual Reports and AFS of issuers of registered securities (other than publicly-listed companies); and

Published:
Philippine Daily Inquirer, May 15, 2020
Business World, May 15, 2020



- iii. AFS of all other companies other than items (i) and (ii) above.

Likewise, the deadline for the submission of the **Quarterly Reports (SEC 17-Q) for the first quarter of the covered companies under this Memorandum Circular, is hereby extended for a period of 45 calendar days from the regular filing deadlines.**

The extension of filing period shall automatically be applied without the need for a request from the covered companies.

The illustrative examples of the extended filing deadlines are indicated in Annex "A" of this Memorandum Circular.

For PLC and issuers of registered securities under the supervision of the Market and Securities Regulation Department, the concerned companies that may want to avail the extended period for filing of the SEC Form 17-A and SEC Form 17-Q Reports pursuant to this Memorandum Circular **shall file the special disclosure form SEC Form 17-LC. The SEC Form 17-LC shall be filed not later than five (5) calendar days before the regular filing deadline.**

PLC shall continuously observe the disclosure obligations under the SRC and the Philippine Stock Exchange Consolidated Listing and Disclosure Rules. This means that all material information, whether price-sensitive or trade sensitive, must be disclosed on a timely basis. Where the company's operations are materially affected by the COVID-19 outbreak, disclosure on the financial impact or any other material aspects should be made immediately.

Meanwhile, covered companies are encouraged to file their reports before the extended deadline of submission as allowed under this Memorandum Circular.

The Commission shall continue to assess the development or impact of COVID-19 in the preparation of financial statements and in the completion of statutory audits of companies and may issue appropriate rules and regulations to address the concerns that may further arise.

This Memorandum Circular shall be published in two (2) newspapers of general circulation.

Issued this 7 May 2020 at Pasay City, Philippines.

For the Commission:


EMILIO B. AQUINO
Chairperson



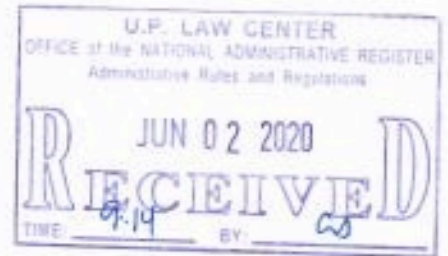
Annex "A"

A. For Annual Reports and AFS including Quarterly Reports of 1st Quarter of companies under items (i) and (ii) of this Memorandum Circular

Fiscal Year-End	Original Filing Deadlines for Annual Reports and AFS	New Filing Deadlines for Annual Reports and AFS	1 st Quarter Period	Original Filing Deadlines for the Quarterly Reports	New Filing Deadlines for the Quarterly Reports
31 January 2020	15 May 2020	14 July 2020	February to April 2020	14 June 2020	29 July 2020
29 February 2020	13 June 2020	12 August 2020	March to May 2020	15 July 2020	29 August 2020
31 March 2020	14 July 2020	12 September 2020	April to June 2020	14 August 2020	28 September 2020
30 April 2020	13 August 2020	27 September 2020	May to July 2020	14 September 2020	29 October 2020

B. For AFS of companies under item (iii) of this Memorandum Circular

Fiscal Year-End	Original Filing Deadlines	New Filing Deadlines
31 January 2020	30 May 2020	29 July 2020
29 February 2020	28 June 2020	27 August 2020
31 March 2020	29 July 2020	27 September 2020
30 April 2020	28 August 2020	12 October 2020



OFFICE OF THE CHAIRPERSON

**SEC MEMORANDUM CIRCULAR NO. 18
SERIES OF 2020**

TO: ALL CONCERNED CORPORATIONS

**SUBJECT: PROCEDURES IN THE FILING OF AUDITED FINANCIAL STATEMENTS AND
GENERAL INFORMATION SHEET TO SEC AFTER THE COMMUNITY
QUARANTINE**

To enable the Securities and Exchange Commission to provide adequate protection to the frontline service personnel of the Electronic Records Management Division, ICTD from undue exposure to the risk of Covid 19, the Securities and Exchange Commission (SEC) is hereby adopting the following procedures for the receiving of reports (Audited Financial Statements and General Information Sheet) during the period of filing after the Community Quarantine (CQ):

I. AUDITED FINANCIAL STATEMENTS (AFS) AND GENERAL INFORMATION SHEET (GIS):

1. All corporations, including branch offices, representative offices, regional headquarters and regional operating headquarters of foreign corporations, shall file their Annual Financial Statements and General Information Sheet thru the SEC Express Nationwide Submission (SENS) to any courier of their choice and/or Philippine Postal Office. All corporations with principal office under the jurisdiction of any of our Extension Offices, shall file their reports to the nearest EO.
2. All SEC Satellite Offices shall be temporarily closed for receiving of reports. All filings shall be delivered to the SEC Head Office, Ground Floor, Secretariat Building, PICC Complex, Pasay City by the Philpost and/or Courier.
3. This Circular covers and allows the filing of the following documents through electronic mail (email):
 1. General Information Sheet
 2. Audited Financial Statements

prior to the submission of the hard copy through the SEC Express Nationwide Submission (SENS). However, upon lifting of the Community Quarantine, the corporation may directly file the hard copy of the reports through SENS (courier/Philpost).

Published:
Philippine Star, May 24, 2020
Manila Times, May 24, 2020



4. The AFS, other than the consolidated financial statements, shall have the stamped "received" by the Bureau of Internal Revenue (BIR) or its authorized banks, unless the BIR allows an alternative proof of submission for its authorized banks (e.g. bank slips);
5. This Memorandum Circular shall cover the filing of Audited Financial Statements of corporations whose fiscal year ends November 30, 2019 and December 31, 2019. Those who are required to file Annual Reports with fiscal year end 31 December 2019 or on dates other than December 31, 2019, shall file their AFS/Annual Report, subject to the filing deadlines as stated in Memorandum Circular Nos. 5 and 17, series of 2020.
6. This Memorandum Circular likewise excludes the following from the number coding schedule as stated in Memorandum Circular Nos. 5 and 17, series of 2020, in which the filing deadline for filing the AFS/Annual Report remains until June 30, 2020:
 - a) Publicly-Listed Companies;
 - b) Issuers of registered securities under the supervision of the Market and Securities Regulation Department; and
 - c) Investment Companies, Issuers of Proprietary and Non-proprietary Shares/ Timeshares, and Public Companies.
7. To maintain an organized and orderly filing of AUDITED FINANCIAL STATEMENTS, all corporations, including branch offices, representative offices, regional headquarters and regional operating headquarters of foreign corporations shall file their AFS through SEC Express Nationwide Submission (SENS) using Courier or Philippine Postal Corp., depending on the last numerical digit of their SEC registration or license number in accordance with the following schedule¹:

June 29,30, July 1, 2, 3, 6, 7,8, 9, 10 :	1 and 2
July 13, 14, 15, 16, 17 :	3 and 4
July 20, 21, 22, 23, 24 :	5 and 6
July 27, 28, 29, 30 :	7 and 8
August 3, 4, 5, 6, 7 :	9 and 0

8. All corporations may file their AFS thru SENS regardless of the last numerical digit of their registration or license number on or before the first day stated in the above coding schedule in paragraph 6 pertaining to the said digit.
9. Late filings or filing after respective due dates shall be accepted starting August 10, 2020 thru SENS (Courier or Philpost) and shall be subject to the prescribed penalties which shall be computed from the date of the last day of filing schedule stated in paragraph 6.

¹ Subject to change and future Advisory to the public in case the CQ is extended.



10. The basic components of the Audited Financial Statements (AFS) as prescribed under SRC Rule 68, as amended, shall be submitted by filers. Failure to comply with any of the formal requirements under said Rule including the prescribed qualifications for independent auditors and/or any material deficiency or misstatement that may be found upon evaluation of the specific contents thereof, shall be considered a sufficient ground for the imposition of penalties by SEC. The acceptance and receipt by the Commission of the financial statements shall be without prejudice to such penalties.
11. The General Financial Reporting Requirements as stated in the Revised Securities Regulation Code (SRC) Rule 68 which was approved by the Commission En Banc on August 19, 2019, state the threshold for an Audited Financial Statements as follows:
- Stock corporation with total assets or total liabilities of Six Hundred Thousand Pesos (P600,000) or more as prescribed under the Revised Corporation Code of the Philippines (Revised Corporation Code) and any of its subsequent revisions or such amount as may be subsequently prescribed;
 - Non-stock corporations with total assets or total liabilities of Six Hundred Thousand Pesos (P600,000) or more as prescribed under the Revised Corporation Code and any of its subsequent revisions or such amount as may be subsequently prescribed;
 - Branch offices/representative offices of stock foreign corporations with assigned capital in the equivalent amount of One Million Pesos (P1 Million) or more;
 - Branch offices/representative offices of non-stock foreign corporations with total assets in the equivalent amount of One Million Pesos (P1 Million) or more.
 - Regional operating headquarters of foreign corporations with total revenues in the equivalent amount of One Million Pesos (P1 Million) or more.

Financial statements of branch offices of foreign corporations licensed to do business in the Philippines by the Commission shall comply with the requirements of this Rule unless otherwise determined by the Commission as not applicable.

12. Corporations which do not meet the threshold stated in item no. 11 herein, may submit their Annual Financial Statements accompanied by a duly notarized Treasurer's Certification only (rather than an Auditor's Report).
13. All filers of GIS and AFS, regardless of the number of reports to be filed at SEC, may choose to avail of any of the following options:
- SEC Express Nationwide Submission (SENS)** with the following procedures:
 - Filer downloads the SEC Express Nationwide Submission Checklist and Undertaking Form (SENS Form).
 - Filer accomplishes and signs the SENS Form.
 - Filer attaches checklist with a signed undertaking to each report to be submitted.



- Filer encloses the documents and accomplished checklist with undertaking in an envelope.
- Filer proceeds to the nearest courier area of their choice for his offsite submission and pays the service fee and courier fee.
- Courier delivers the receiving copy to filer within the agreed period of time.

b) **Any Courier/Regular Mail** with no return copy of reports submitted:

- Filer downloads the SEC Express Nationwide Submission Checklist and Undertaking Form (SENS Form).
- Filer accomplishes and signs the SENS Form.
- Filer attaches checklist with a signed undertaking to each report to be submitted.
- Filer encloses the documents and accomplished checklist with undertaking in an envelope.
- Filer proceeds to the courier of his choice or post office.

The date of mailing of reports such as the GIS and AFS, as shown by the registry receipt of the courier, shall be considered as the reckoning date of submission of the GIS and AFS. For reports filed through registered mail in the Philippine Postal Corp., the reckoning date of receipt shall be the date of receipt by the PhilPost.

For reports filed through email during the CQ, the reckoning date of receipt shall be the date stated in the Acknowledgment Confirmation (AC) stated in the email as attached to the hard copy of the reports submitted.

All other circulars, memoranda and implementing rules and regulations that may be inconsistent with the foregoing provisions shall be deemed modified or amended accordingly.

This Memorandum Circular shall be published in two newspapers of general circulation.

Philippine International Convention Center (PICC), Manila, Philippines.

11 May 2020.

For the Commission:


EMILIO B. AQUINO
Chairman

