SEC MEMORANDUM CIRCULAR NO. 14
Series of 2024

SUBJECT : **GUIDELINES ON THE ACCREDITATION REQUIREMENTS OF PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA) MARKET PARTICIPANTS**

DATE : 19 **September 2024**

Pursuant to Republic Act (R.A.) No. 9505 also known as the PERA Act of 2008 and its Implementing Rules and Regulations (PERA-IRR), the following Guidelines on the Accreditation Requirements of PERA Market Participants are hereby issued:

Section 1. Scope

These Guidelines shall apply to SEC-regulated entities seeking to register as a PERA Market Participant, *i.e.,* PERA Administrator or PERA Investment Manager.

The following are the SEC-regulated entities that are eligible to apply for registration as PERA Market Participant:

PERA MARKET PARTICIPANTS	ELIGIBLE ENTITIES
Administrator	Securities Brokers as defined under the Securities Regulation Code and its implementing rules.
	Investment Houses as defined under Presidential Decree No. 129 or the Investment Houses Law its implementing rules, including those with quasi-banking license.
	Investment Company Advisers or fund managers as defined under R.A. 2629, otherwise known as the Investment Company Act, and its implementing rules.
	Other entities or individuals as may be determined by the Commission as having the qualifications to be accredited as an Administrator.
Investment Managers	Investment Company Advisers or fund managers as defined under R.A. 2629, otherwise known as the Investment Company Act, and its implementing rules.
	Other entities or individuals as may be determined by the Commission as having the qualifications to be accredited as an Investment Manager.

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Section 3. Application for Qualification Certificate as PERA Market Participant

SEC-regulated entities who seek to apply as a PERA Administrator or PERA Investment Manager shall file an application for the issuance of Qualification Certificate with the Markets and Securities Regulation Department (MSRD). Applicants, through its authorized representative, shall submit a letter signifying its intent to apply as a PERA Administrator or PERA Investment Manager. The application shall be signed by its President or a representative of an equivalent rank, and shall be accompanied by a copy of the Board Resolution authorizing the submission of the said application.

The Qualification Certificate as a PERA market participant issued by the Commission shall be valid until revoked.

Section 4. Pre-qualification requirements as a PERA Administrator

The Commission shall issue a Qualification Certificate as PERA Administrator upon the applicant's compliance with the following requirements:

1. The applicant maintains a net worth of at least One Hundred Million Pesos (Php100,000,000.00) at all times.

   The net worth shall refer to the combined capital accounts of the Administrator subject to the adjustments provided in Rule 4.A, paragraph 2 (a) of the PERA-IRR;

2. It has adopted a Manual of Corporate Governance and is in full compliance therewith;

3. It has a clear and sufficient organizational plan or structure of its personnel who will perform the PERA administration functions, stating the duties and responsibilities as well as the line and staff functional relationships;

4. It possesses adequate systems and technological capabilities, and the necessary technical expertise and personnel to administer all types of PERA Investment Products, ensure the proper recording and tracking of a Contributor's PERA(s), and perform the other required functions of a PERA Administrator.

   The applicant must be able to adopt a recording and accounting system that will separate the PERA accounts and assets from its usual broker/dealer and/or investment house transactions.

5. It has submitted proof that it has sufficient personnel who have undergone the requisite training prescribed or approved by the Commission to educate the PERA Contributors on:

   a. The nature of a PERA;
   b. Privileges, conditions and requirements of a PERA;
   c. Risks and benefits of each type of PERA Investment Product; and
   d. Respective roles of the PERA Administrator, Investment Manager and Custodian

6. It has submitted, for approval, the following forms which the Administrator will use in dealing with the Contributor and his PERA:

   a) Pre–Acceptance Disclosure Policy in compliance with Rule 6.A.2.a of the PERA IRR;
   b) Client Suitability Assessment Questionnaire in compliance with Rule 6.A.2.b (i) of the PERA IRR;

c) Risk Disclosure Statement which shall include the standard minimum information referred to in Rule 6.A.2.d of the PERA IRR;
d) Contract between the Contributor and the Administrator referred to in Rule 6.A.2.c of the PERA IRR.

7. Subject to approval of the Commission, Schedule of fees and charges to be imposed for its services as PERA Administrator.

8. It has submitted a certification by its Chief Executive Officer (CEO) of the applicant's compliance with all the qualification requirements and an undertaking to comply with the aforementioned requirements while it acts as an Administrator.

Failure to satisfy any of the above requirements shall be a ground for the denial of the application, without prejudice to the re-filing of an application.

The core functions of a PERA Administrator provided under Rule 4.A.4 of the PERA IRR shall apply to eligible SEC-regulated entities applying as such.

Section 5. Accreditation Requirements for PERA Investment Managers

An entity applying for accreditation shall file with the Commission a written application certified by the CEO and submit the following documentary requirements:

1. Written supervision and control procedures for the conduct of the investment management functions;

2. Proof of at least five (5) years' experience in professional investment management;

3. Certified true copy of educational, professional/technical or other academic qualifications of its principal officers;

4. Compliance with licensing procedure of the Commission in accordance with SEC Memorandum No. 8 series of 2004 or the Certification Requirement for Compliance Officer;

5. Copy of the form contract or agreement between the Contributor and the Investment Manager which shall contain the following minimum contents:

    a. Overall investment philosophy, standards and practices of the Investment Manager; and,

    b. Validation of Contributor's Client Suitability Assessment and Investment Policy Statement made by Contributor's Administrator referred to in PERA Rule 6.A.2.b (i) and (ii).

6. Schedule of commission charges and/or fees it will charge for its services; and

7. Such other requirements or qualifications as the Commission may be deemed necessary.

Section 6. Security for the Faithful Performance of Administrators

As a security for the faithful performance of its duties, an Administrator shall hold government securities, equivalent to one percent (1%) of the book value of the total volume of PERA assets administered or such other amount as the Commission may impose, earmarked in favor of the SEC;

provided that the Administrator shall issue an authorization in favor of the Commission to withdraw, dispose, and disburse the proceeds thereof to settle any claims arising from the breach of its duties as evidenced by a final and executory court order; Provided, further, that the Administrator shall not withdraw, transfer or replace such earmarked securities without prior written instruction from the SEC; and provided, finally, that the Commission shall determine the terms of the government securities eligible for such purpose. The security for the faithful performance of Administrator functions shall be in addition to and shall be treated separately from the capital, surplus, and undivided profits of the Administrator.

The Commission shall determine on a quarterly basis the sufficiency of the security deposit based on the fair market value of the administered assets for the quarter. Any deficiency of security deposit must be replenished within one (1) week from the end of the quarter. Failure to maintain sufficient security deposit after such period shall be subject to appropriate sanctions.

Section 7. Grounds for Suspension or Revocation of Qualification/Accreditation of Administrator and Investment Manager

The accreditation of a PERA Administrator or an Investment Manager shall cease to exist in the following circumstances:

1. If, after due notice and hearing, the Commission determines that the applicant has committed any of the grounds provided under Rule 4.D of the PERA IRR; or

2. In case of the withdrawal/revocation of the applicant's primary and/or secondary license/registration.

Section 8. Penalty

The Commission shall impose applicable sanctions provided under the PERA Act and its implementing rules and regulations, the Securities Regulation Code (SRC) and its implementing rules and regulation (SRC-IRR), and other relevant rules and regulations, in the event of any violation of this circular.

Section 9. Reportorial Requirements

Any entity qualified/accredited by the Commission to be a PERA Administrator or a PERA Investment Manager shall comply with the reportorial requirements prescribed under the SRC-IRR, and other applicable laws and issuances.

Section 10. Fees

The payment of Php 300.00 shall be made upon the issuance of a Qualification Certificate by the Commission in accordance with SEC Memorandum Circular No. 3. series of 2017, Schedule of Fees. The payment of all fees and charges shall be made through the eSPAYSEC portal. https://espaysec.sec.gov.ph/payment-portal/home

Section 11. Supplemental Regulations

These Guidelines may be supplemented by relevant regulations which the Commission and the other Regulatory Authorities mentioned in the PERA Act and its IRR, may from time to time issue.

Section 12. Effectivity

This circular shall take effect immediately after its complete publication in the *Official Gazette* or in at least two (2) newspapers of general circulation in the Philippines.

Makati City, Metro Manila, 19 September 2024.

EMILIO B. AQUINO
Chairperson