Securities and Exchange Commission
PHILIPPINES

SEC MEMORANDUM CIRCULAR NO. 11

Series of 2017

TO: **ISSUERS OF SECURITIES AND THEIR AUTHORIZED REPRESENTATIVES**

SUBJECT: **SEC FORM 12-1 SIMPLIFIED REGISTRATION STATEMENT FOR HOSPITALS (SEC FORM 12-1 SRS)**

WHEREAS, there is an acute shortage of hospitals nationwide which various groups are seeking to address through offering or selling securities to the investing public to raise funds to establish hospitals;

WHEREAS, Subsection 8.1 of the Securities Regulation Code ("SRC") prohibits the selling or offering for sale or distribution of securities within the Philippines, without a registration statement duly filed with and approved by the Commission;

WHEREAS, Subsection 12.1 of the SRC mandates that securities required to be registered under Subsection 8.1 shall be registered through the filing by the issuer in the main office of the Commission, of a sworn registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe.

WHEREAS, Subsection 12.6 of the SRC directs the Commission to declare the registration statement effective or rejected, unless the applicant is allowed to amend the registration statement, within forty-five (45) days after the date of filing of the registration statement, or such later date to which the issuer has consented;

WHEREAS, Rule 68 I. 3. b. ii of the Implementing Rules and Regulations of the SRC mandates that external auditors and auditing firms (if engaged) of Issuers of securities which have sold securities pursuant to a registration under Section 12 of the SRC should be Group A category and duly accredited by the Securities and Exchange Commission in accordance with its Guidelines on *Accreditation and Reportorial Requirements of External Auditors of Public Companies and Secondary Licensees of the Commission* under SEC Memorandum Circular No. 13, Series of 2003, and subsequent amendments thereon;

WHEREAS, Section 72.1 of the SRC states that *for purposes of its rules or regulations, the Commission may classify persons, securities, and other matters within its jurisdiction, prescribe different requirements for different classes of persons, securities, or matters.*

NOW, THEREFORE, pursuant to the foregoing and other pertinent provisions of the SRC and its Implementing Rules and Regulations, the Commission hereby adopts the following guidelines for registration of securities for hospitals using SEC Form 12-1 SRS.

Hospitals seeking to register its securities may use SEC Form 12-1 SRS in lieu of the current SEC Form 12-1;

The Commission undertakes to declare the registration statement effective or rejected within twenty-eight (28) days after the date of filing of its SEC Form 12-1 SRS, unless the applicant consents to such later date and the applicant is allowed to amend the registration statement. Any amendment filed prior to the effective date of the registration of its securities shall recommence the twenty-eight (28) day period within which the Commission shall act on the application;

Notwithstanding the requirements under Rule 68 I. 3. b. ii of the Implementing Rules and Regulations of the SRC, a hospital that would register its securities through SEC Form 12-1 SRS may engage the services of Group B SEC accredited External Auditors or Auditing Firms under the following conditions;

i. the registration of securities shall not exceed the amount of One Billion Pesos (PhP1,000,000,000.00) in a single or series of registration of securities; *provided that*, in case of series of registration of securities, the registration of securities shall be made within three (3) fiscal year starting on the fiscal year the Commission approved the issuer-hospital's application for registration of its securities using SEC Form 12-1 SRS;
ii. the engagement of a Group B SEC accredited External Auditor or Auditing Firm shall be allowed for a period of five (5) fiscal years, beginning from the Fiscal Year after the Commission's approval of the issuer-hospital's application for registration of securities;
iii. On the sixth (6th) year, issuer-hospital will be required to engage a Group A SEC accredited External Auditor or Auditing Firm.
iv. Notwithstanding the foregoing conditions, the Commission may require anytime the engagement of a Group A SEC accredited External Auditor or Auditing Firm as it deems consistent with public interest and the protection of investors.

All other existing requirements under the SRC and the 2015 SRC Rules shall be strictly complied with by hospitals with registered securities.

Any violation of the requirements and conditions set herein, the SRC, its implementing rules and regulations, as amended, other laws, rules and regulations, Circulars and Orders of the Commission shall be penalized accordingly.

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

Pasay City, Philippines.

29 September 2017

For the Commission:

TERESITA J. HERBOSA
Chairperson