Securities and Exchange Commission
PHILIPPINES

SEC Memorandum Circular No. 19
Series of 2019

TO	:	**ALL FINANCING AND LENDING COMPANIES**
SUBJECT	:	**DISCLOSURE REQUIREMENTS ON ADVERTISEMENTS OF FINANCING COMPANIES AND LENDING COMPANIES AND REPORTING OF ONLINE LENDING PLATFORMS**
DATE	:	**17 SEPTEMBER 2019**

WHEREAS, the Commission is aware that Financing Companies (*FCs*) and Lending Companies (*LCs*) make their services known through various modes of advertisement, *e.g.* television, radio, billboard, websites, and social media (*Advertisements)*;

WHEREAS, the Commission also notes the proliferation of online lending platforms such as websites and mobile applications (*Online Lending Platforms*) that are readily downloadable from mobile application stores;

WHEREAS, the Commission has been receiving several inquiries as to the registration and legitimacy of FCs and LCs, especially those that operate through Online Lending Platforms;

WHEREAS, the Commission exercises regulatory and supervisory authority over FCs and LCs by virtue of Republic Act No. 8556, or the Financing Company Act of 1998, as amended, and Republic Act No. 9474, or the Lending Company Regulation Act of 2007;

WHEREFORE, IN VIEW OF THE FOREGOING, the Commission shall require FCs and LCs to provide the necessary information in their Advertisements and Online Lending Platforms:

SEC. 1. Required Disclosures. – FCs and LCs shall fully disclose in their Advertisements and Online Lending Platforms the following:

A. Corporate Name, SEC Registration Number and Certificate of Authority to Operate a Financing/Lending Company (*CA*) Number in a conspicuous portion of their Advertisements and Online Lending Platforms; and

B. An advisory for their prospective borrowers to study the terms and conditions in the Disclosure Statement before proceeding with the loan transaction.

Published:
Philippine Star, September 20, 2019
Manila Times, September 20, 2019

SEC. 2. Registration of Business Name. – FCs and LCs shall register all their Online Lending Platforms as business names, in accordance with SEC Memorandum Circular No. 13, Series of 2019.[1]

SEC. 3. Report to the Commission. – FCs and LCs shall submit to the Corporate Governance and Finance Department (CGFD) of the Commission an Affidavit of Compliance (SEC Form 1- Existing Online Lending Platforms) containing a report of all their existing Online Lending Platforms, within **ten (10) days** from the effectivity of this Circular. Said report shall include, but shall not be limited to, the following information:

1. Name of Online Lending Platform/s;
2. Proof of compliance with Section 2 hereof;
3. Images of the Online Lending Platform/s as they appear to the public; and
4. Illustrations of the Online Lending Platforms showing how the required Disclosure and Advisory are displayed.

Online Lending Platforms that are to be developed, operated, utilized, or amended by LCs and FCs shall likewise be reported to the Commission through an Affidavit of Compliance (SEC Form 2- Prospective Online Lending Platforms), not later than **ten (10) days** before the commencement of the operations of said Online Lending Platform/s.

SEC. 4. Penalties. – The penalties below shall be imposed for the following violations:

a. Non-compliance with Items A and B of Section 1 (Required Disclosures)

COMPANY	BASIC PENALTY	DAILY PENALTY
FC	₱100,000.00	₱500.00
LC	₱50,000.00	₱300.00

b. Non-compliance with Section 2 (Registration of Business Name)

COMPANY	BASIC PENALTY	DAILY PENALTY
FC	₱100,000.00	₱500.00
LC	₱50,000.00	₱300.00

c. Non-compliance with Section 3 (Report to the Commission)

VIOLATION	COMPANY	BASIC PENALTY	DAILY PENALTY
Failure to submit the Affidavit of Compliance (SEC Form 1) containing a report of all existing Online Lending Platforms	FC	₱50,000.00	₱400.00
	LC	₱25,000.00	₱200.00
Submission of the Affidavit of Compliance (SEC Form 1) with incomplete information/list of all	FC	₱50,000.00	₱400.00
	LC	₱25,000.00	₱200.00

[1] Amended Guidelines and Procedures on the Use of Corporate and Partnership Names

existing Online Lending Platforms			
Failure to submit the Affidavit of Compliance (SEC Form 2) containing a report of all prospective Online Lending Platforms that are to be developed/utilized	FC	₱50,000.00	₱400.00
	LC	₱25,000.00	₱200.00
Commencement of operations of the Online Lending Platform/s without submission of the required Affidavit of Compliance (SEC Form 2)	FC	₱50,000.00	₱400.00
	LC	₱25,000.00	₱200.00

d. Continuous non-compliance/submission of false or fraudulent Affidavit of Compliance

COMPANY	PENALTY
FC	Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a Fine of not less than twice the basic penalty but not more than One Million Pesos (₱1,000,000); or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority to operate as a Financing or Lending Company, as appropriate for each circumstance.
LC	

The foregoing penalties shall be imposed without prejudice to any other penalties that may be imposed by the Commission pursuant to Presidential Decree No. 902-A, Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and all other relevant laws, rules and regulations being implemented by the Commission, which may include the suspension or revocation of the FC/LC's primary registration and/or disqualification of its directors and officers; as well as to the penalties that may be imposed by the courts or other government agencies in the exercise of their respective mandates.

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

Pasay City, Philippines. 18 September 2019

For the Commission:

EPHYRO LUIS B. AMATONG
Officer-in-Charge

AFFIDAVIT OF COMPLIANCE

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

I, _____, _____ citizen, of legal age, with office address at _____, for and in behalf of _____(Name of company)_____ (the "Company"), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The following existing Online Lending Platforms are owned/operated/utilized by the Company:

   a. _____
   b. _____
   c. _____
   d. _____
   e. _____

3. On (date), I have registered the above-mentioned Online Lending Platform/s as business name/s of the Company, and have attached herewith as Annex "**A**", (AOI/Amended AOI/Receipt for the application for the amendment of AOI) to prove the same;

4. I have attached herewith Annex "**B**" to show images of the foregoing existing Online Lending Platform/s as they appear to the public and Annex "**C**" to show compliance with the required disclosure and advisory; and

5. I am executing this Affidavit in compliance with SEC Memorandum Circular No. _____, Series of 2019 and to attest to the truth of the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, _____, in the City of _____, Philippines.

_____
Affiant

SUBSCRIBED AND SWORN to before me, in the City of _____, this _____ day of _____, _____, by _____, who exhibited to me his/her _____ No. _____, issued in _____ on _____.

NOTARY PUBLIC

Doc No.: ____
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Book No.: ____
Series of 20___.

AFFIDAVIT OF COMPLIANCE

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

I, _____, _____ citizen, of legal age, with office address at _____, for and in behalf of _____(Name of company)_____ (the "Company"), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The Company intends to:

   2.1. Develop/operate/utilize the following Online Lending Platforms:

   a. _____
   b. _____

   2.2. Amend the following existing Online Lending Platforms:

   a. _____
   b. _____

3. The Company proposes to commence operations of the foregoing prospective Online Lending Platforms on _____;

4. On (date), I have registered the above-mentioned Online Lending Platform/s as business name/s of the Company, and have attached herewith as Annex "**A**", (Amended AOI/Receipt for the application for the amendment of AOI) to prove the same;

5. I have attached herewith Annex "**B**" to show images of the foregoing prospective Online Lending Platform/s as they will appear to the public and Annex "**C**" to show compliance with the required disclosure and advisory; and

6. I am executing this Affidavit in compliance with SEC Memorandum Circular No. _____, Series of 2019 and to attest to the truth of the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, _____, in the City of _____, Philippines.

_____
Affiant

SUBSCRIBED AND SWORN to before me, in the City of _____, this _____ day of _____, _____, by _____, who exhibited to me his/her _____ No. _____, issued in _____ on _____.

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